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SAN FRANCISCO PORT COMMISSION

Doreen Woo Ho, President
Kimberly Brandon, Vice President
Leslie Katz, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax 415-274-0412

AGENDA

TUESDAY, JULY 10, 2012
2:00 P.M. CLOSED SESSION
3:15 P.M. OPEN SESSION

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO CA 94111

7/10/12

PLEASE NOTE THE DATE & TIME OF THE MEETING

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Port Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk. If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's Office located at Pier 1 during normal office hours.

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1. **CALL TO ORDER / ROLL CALL**

2. **APPROVAL OF MINUTES** – June 12, 2012

3. **PUBLIC COMMENT ON EXECUTIVE SESSION**

4. **EXECUTIVE SESSION**

   A. Vote on whether to hold closed session.

   An Executive Session has been calendared to discuss the following matters:

   (1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER (DISCUSSION AND ACTION):

   a. Discuss existing litigation matter pursuant to Section 54956.9(a) of the California Government Code and Section 67.10(d) of the City and County of San Francisco Administrative Code.

- F. Alioto Company, Inc., a California Corporation dba Alioto/Lazio v. City and County of San Francisco, by and through its Port Commission, ExxonMobil Oil Corporation, a corporation, and DOES 1-100, Superior Court of California, County of San Francisco, filed June 24, 2009 (Case No. CGC-09-489792) ("State Court Litigation") and City and County of San Francisco, by and through its Port Commission v. ExxonMobil Oil Corporation, U.S. District Court for the Northern District of California, filed June 19, 2008 (Case No. C-08-03490 EMC) ("Federal Court Litigation").

  Proposed settlement of State Court Litigation alleging nuisance, trespass and breach of lease and Federal Court Litigation alleging nuisance, trespass, breach of contract, and equitable indemnity. The terms of the proposed settlement include:

  (1) Port's payment to F. Alioto Company, Inc. ("F. Alioto") of $60,000; (2) co-defendant ExxonMobil's payment to F. Alioto of $540,000; (3) Port's dismissal with prejudice of Federal Action against ExxonMobil; (4) a mutual release of claims between the Port and ExxonMobil; and (5) other terms and conditions contained in the proposed Settlement Agreement and Release between the Port and ExxonMobil and the proposed Stipulation for Settlement among the Port, ExxonMobil and F. Alioto on file with the Port Commission Secretary.

  Proposed Action: Approve Settlement Agreement

(2) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative:***

a. Property: Piers 30/32 and Seawall Lot 330
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development and Brad Benson, Special Projects Manager
OEWD: Jennifer Matz, Ken Rich, Tansem Drew
*Negotiating Party: Golden State Warriors: Rick Welts, Jesse Blout, Michael Cohen

Under Negotiations: ____ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding price and/or terms of payment for the potential lease, disposition and development of real property interests in Piers 30-32 and Seawall Lot 330, including potential exclusive negotiating rights for such real property interests. In this executive session, the Port's negotiators seek direction from the Port Commission on rent structure, financing mechanisms and other factors affecting the form, manner and

timing of payment of the consideration for the property interests. The executive session will enhance the capacity of the Port Commission during its public deliberations and actions to set the price and payment terms that are most likely to maximize the benefits to the Port, the City and the People of the State of California.

b. Property: AB 4052; 4111, lots 3 and 4; also known as Pier 70 Waterfront Site, located near the intersection of 22nd Street and Illinois
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development
*Negotiating Parties: Forest City Development California: Kevin Ratner and Alexa Arena

Under Negotiations: _____Price ____Terms of Payment X Both
Pursuant to Resolution No. 11-49, the Port Commission awarded to the non-Port party an exclusive negotiation agreement with the Port for the lease and development of the property. In this executive session, the Port's negotiator seeks direction from the Port Commission on base rent structure and financing mechanisms prior to commencing additional negotiations with the non-Port party. The Port intends to discuss the factors affecting the price and terms of payment for the development of the property. In particular, the executive session discussions will enhance the capacity of the Port Commission during its public deliberations and actions to set the price and payment terms that are most likely to maximize the benefits to the Port, the City and the People of the State of California and/or to more effectively negotiate with the non-Port party on price and payment terms.

c. Property: Block 4111, Lots 3 and 4; Block 4110, Lot 1; Block 4046, Lots 1 and 2; also known as Pier 70 20th Street Historic Buildings, located near the intersection of 20th Street and Illinois
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development
*Negotiating Parties: Developer: Orton Development, Inc.: J.R. "Eddie" Orton III, President

Under Negotiations: ___Price ___ Terms of Payment X Both
Pursuant to Resolution No. 12-18, the Port Commission awarded to the non-Port party an exclusive right to negotiate with the Port for the lease and development of the property. In this executive session, the Port's negotiator seeks direction from the Port Commission prior to commencing additional negotiations with the non-Port party. The Port intends to discuss the factors affecting the price and terms of payment for the development of the property. In particular, the executive session discussions will enhance the capacity of the Port Commission during its public deliberations and actions to set the price and payment terms that are most likely to maximize the benefits to the Port, the City and the

People of the State of California and/or to more effectively negotiate with the non-Port party on price and payment terms.

d. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot 62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*Negotiating Parties: Jack Bair, SWL 337 Associates, LLC

Under Negotiations: ____Price ____Terms of Payment X Both
Pursuant to Resolution No. 10-32, the Port Commission awarded to the non-Port party an exclusive negotiation agreement with the Port for the lease and development of the property. In this executive session, the Port's negotiator seeks direction from the Port Commission on rent structure, financing mechanisms and other factors affecting the form, manner and timing of payment of the consideration for the lease and development of the property. The executive session will enable the Port Commission to develop a negotiating strategy tailored to maximize the City's return based on these factors. In particular, the executive session discussions will enhance the capacity of the Port Commission during its public deliberations and actions to set the price and payment terms that are most likely to maximize the benefits to the Port, the City and the People of the State of California.

5. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67-12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. ANNOUNCEMENTS

A. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting:

Please be advised that the ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.

B. Announcement of Time Allotment for Public Comments:

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE

A. Executive Director's Report
- Recognition for Aaron Washington in rescue of child in water near Pier 45
- San Francisco Ship Repair, Inc. awarded contract for the maintenance services of U.S. Army vessels
- 2011 Ports and Destination Awards - San Francisco awarded for Best Local Initiative for the collaborative team approach in the design of the new cruise terminal
- San Francisco Giants will receive the 2012 University of San Francisco California Prize for Service and the Common Good

B. Port Commission President's & Vice President's report on America's Cup World Series Regatta in Newport, Rhode Island, June 27-30, 2012.

C. Informational update on the June 20, 2012 Pier 29 Fire Damage and Port Response.

8. CONSENT

A. Request authorization to Issue a Request for Proposals for a non-profit youth employment services organization to participate in the Port's youth employment program and assist in maintaining the Port's property. (Resolution No. 12-55)

B. Request authorization to enter into a contract with the San Francisco Bay Conservation and Development Commission (BCDC) to provide staff support of BCDC planning studies associated with prior approval of the Pier 27 James R. Herman Cruise Terminal and Northeast Wharf projects. (Resolution No. 12-56)

C. Request authorization to execute a contract modification to Construction Contract No. 2749, Heron's Head Park Improvement Project, with Yerba Buena Engineering & Construction, to increase the contract amount by $135,989 for betterments of the pathways and extend the substantial completion date to August 24, 2012. (Resolution No. 12-57)

D. Request authorization to execute an amendment to the design and engineering services contract with Gerwick/SDE JV for the Pier 43 Bay Trail Link Project to retroactively extend the contract duration by one year and to ratify staff's actions in furtherance of the contract amendment. (Resolution No. 12-58)

9. PLANNING & DEVELOPMENT

A. Informational update on status of Port infrastructure work, tenant relocation and other Port obligations under the Lease Disposition Agreement in preparation for the 34th America's Cup Events in 2012 and 2013.

B. Informational presentation on Orton Development Inc.'s Proposal for the lease and rehabilitation of the 20th Street Historic Buildings within the 69-acre Pier 70 site, located near the intersection of 20th and Illinois Streets.

10. REAL ESTATE

A. Request approval of the Fiscal Year 2012-13 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates. (Resolution No. 12-52)

B. Request approval of Lease No. L-15150 with Ammunition, LLC for approximately 9,652 square feet of office space with a term of 52 months, located at 10 Lombard Street, Roundhouse Two, and subject to Board of Supervisors' approval. (Resolution No. 12-53)

C. Request authorization to execute a Mutual Termination Agreement with City Building Inc., a California Corporation, Lease No. L-14950 for Premises located at Pier 26 Annex. (Resolution No. 12-54)

11. NEW BUSINESS

12. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

13. ADJOURNMENT

FORWARD CALENDAR (Targeted Commission Meeting, Subject to Change)

- Informational report on the Port's Final Biennial Operating and Capital Budgets for Fiscal Years 2012-13 and 2013-14 (August 14, 2012)
- Informational update on status of Port infrastructure work for America's Cup Events in 2012 and 2013 (August 14, 2012)
- Informational presentation on the status of the Pier 70 Master Plan Implementation (August 14, 2012)
- Informational presentation on the issuance of a Request For Qualifications (RFQ) for a Cruise Terminal Passenger Operations and Conference and Special Events Management Agreement at the Pier 27 James R. Herman Cruise Terminal (August 14, 2012)
- Request authorization to enter into an Exclusive Negotiation Agreement with GSW Sports LLC, for the lease, disposition and development of Piers 30-32 bounded by the Embarcadero roadway and San Francisco Bay, and SWL 330 bounded by the Embarcadero roadway, Beale and Bryant Streets (August 14, 2012)
- Request approval to enter into agreements with the San Francisco Municipal Transportation Agency and the regional bike share program operator to use Port property for the Bay Area Regional Bike Share Pilot Program (August 14, 2012)
- Request authorization to issue Request for Proposals for a Restaurant Opportunity Site located at 295 Terry A. Francois Boulevard, adjacent to Pier 50 (August 14, 2012)
- Request approval of proposal to increase rates and charges at the South Beach Harbor (August 14, 2012)
- Informational update on implementation of the People's Plan for San Francisco Fleet Week (September 11, 2012)
- Request approval of Federal Cost Sharing Agreement between the Port of San Francisco and the U.S. Army Corps of Engineers for study of the Central Basin Dredge Project (September 11, 2012)
- Accept the Port's bi-annual contracting report from January 1, 2012 to June 30, 2012 (September 11, 2012)
- Informational presentation of public process to carry out San Francisco Bay Conservation and Development Commission (BCDC) planning studies as required by BCDC Special Area Plan Amendment for the Pier 27 Cruise Terminal and Northeast Wharf and 34th America's Cup Projects (Date to be determined)
- Informational presentation on the status of yellow tagged Port facilities (Date to be determined)
- Request approval of resolution recommending that the Board of Supervisors form a City and County Infrastructure District No. 2 and adopt the Infrastructure Financing Plan included in Appendix C which will capture tax increment from the Seawall Lot 351 project (commonly known as the 8 Washington Street project) for site open space improvements, the Cruise Terminal project, under-pier utilities and pier substructure repairs; and authorizing the Port's Executive Director to enter into a Memorandum of Understanding with the City and County of San Francisco acting through the Controller's Office to implement the District (Date to be determined)
- Request authorization to award Construction Contract No. 2723, Pier 70 Building 113 Stabilization (Date to be determined)

- Request authorization to award As-Needed Engineering and Related Professional Services (Date to be determined)
- Request approval to enter into an Exclusive Right to Negotiate Agreement (ENA) with Kinder Morgan Operating LP, owned by Kinder Morgan Energy Partners LP, to negotiate terms for entering into a lease of Port property to design, finance, build and operate a bulk cargo marine terminal at Pier 96 (Date to be determined)

COMMUNICATIONS TO THE PORT COMMISSION
FROM JUNE 8, 2012 TO JULY 5, 2012

- From Monique Moyer to Chief Hayes-White, regarding Pier 29 Fire Response
- From Monique Moyer to Bond Yee, DPT, regarding Pier 29 Fire Response
- From The Potrero Boosters Neighborhood Association, copy of their newsletter, The Potrero Voice

AUGUST/SEPTEMBER 2012
CALENDAR OF UPCOMING PORT MEETINGS – OPEN TO THE PUBLIC

DATE	TIME	GROUP	LOCATION
AUG. 14	2:00 p.m. Closed Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
	3:15 p.m. Open Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
SEPT. 11	2:00 p.m. Closed Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
	3:15 p.m. Open Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
SEPT. 25	2:00 p.m. Closed Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
	3:15 p.m. Open Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.

NOTES:
The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com. The Port Commission meetings can be viewed online at http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=92. The Port Commission meetings are also broadcasted on the 2nd & 4th Thursday of the month at 9 p.m. on Comcast Cable Channel 26 or Astound Cable Channel 78 (formerly RCN Cable). Contact Amy Quesada at 274-0406 or amy.quesada@sfport.com

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Rip Malloy @ 274-0267 or rip.malloy@sfport.com

The Maritime Commerce Advisory Committee (MCAC) meets every other month, on the third Thursday of the month, from 11:30 a.m. to 1:00 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets on the second Thursday of the month at 5:00 p.m. in the Creek Room at Mission Creek Senior Building located at 225 Berry Street in San Francisco (along the Promenade just beyond the library.) Contact Catherine Reilly at the former Redevelopment Agency @ 749-2516 or catherine.reilly@sfgov.org

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jonathan Stern @ 274-0545 or jonathan.stern@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david.beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

ACCESSIBLE MEETING INFORMATION POLICY

FERRY BUILDING:
The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots: 3 spaces in the surface lot on the west side of the Embarcadero at Washington Street.

Hourly and valet parking is available in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa. Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:
Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Sections 67.1 et seq. of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Chris Rustom by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Rustom or by printing Sections 67.1 et seq. of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine.

NOTICES

Prohibition of Ringing of Sound Producing Devices:
The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:
Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

July 5 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director M Moyer

SUBJECT: Informational update on the June 20, 2012 Pier 29 Fire Damage and Port response

DIRECTOR'S RECOMMENDATION: Informational Only; No Action Required

The purpose of this item is to provide the Port Commission and the public with an update on the emergency construction and engineering required to first eliminate public safety hazards, stabilize the building structure, restore traffic on the Embarcadero Promenade, and undertake further investigation of the fire and water damage to the structure, historic architecture, electric power system and the fire protection system.

BACKGROUND

On June 20, 2012 a fire caused damage to the Pier 29 bulkhead and shed building. Thanks to the expert work of the San Francisco Fire Department, the fire was contained primarily to the Pier 29 bulkhead building and did not spread to bulk of the Pier 29 shed nor the conjoining pier structures, Pier 29½ and Pier 31. The valley area between Pier 29 and Pier 27, to be used as part of the America's Cup village in 2013, was unharmed. Similarly, the James R. Herman Cruise Terminal construction project at the adjacent Pier 27 was also undamaged. Exhibit 2, attached hereto, marks the location of the fire damage at Pier 29.

Pier 29 is in the San Francisco Embarcadero Historic District which is listed in the National Register of Historic Places. Pier 29 shed was built in 1915 and is approximately 164,000 square feet in area. The bulkhead portion of the building fronting on the Embarcadero was built in 1918 in the neoclassical architectural style together with Pier 29½ and Pier 31. In response to the cruise terminal project, tenants of the valley area between Piers 27 and 29, including Teatro Zinzanni, had already vacated the area and it is currently being used as construction lay-down space for the cruise terminal project. In anticipation of the America's Cup events in 2013, Pier 29 also had been vacated of all tenants. It is extremely fortunate that not a single injury was sustained by the fire.

THIS PRINT COVERS CALENDAR ITEM NO. 7C

FIRE DAMAGE & EMERGENCY RESPONSE

The fire and water from extinguishing the fire caused damage to the timber walls and roof, electric power equipment, and other utilities, equipment and materials in the Pier 29 bulkhead building and the separation wall which separates the Pier 29½ and the bulkhead and shed of Pier 29, inside the Pier 29 shed and the fire sprinkler system in the Pier 29½ shed which provided sprinkler coverage on both sides of the separation wall. (See Exhibit 2 attached hereto).

The majority of the fire damage was centralized in the Pier 29 bulkhead building, along the Embarcadero Promenade, and adjacent to the Embarcadero Roadway. Once the Fire Department had fully extinguished the fire, responsibility for protecting the public from falling debris transferred back to the Port. As such, public safety hazards required emergency response by the Port which begin on the evening of June 20, 2012 and are continuing. Immediate actions to provide public safety included (1) closing the adjacent Embarcadero Promenade sidewalk, (2) providing generator power to Piers 33, 31, 29, 29½ and the Pier 27 Cruise Ship Terminal construction project, and securing emergency Architecture and Engineering Services and Construction and Selective Demolition contracts to remove the hazardous structure and reopen the sidewalk to traffic.

In accordance with the City's Administrative Code and under the authority of Port Commission President Woo Ho, Port staff initiated a Declaration of Emergency on June 21, 2012 which authorized Emergency Repair, Work and Contracts to mitigate the unsafe conditions at Pier 29. The Port commenced the emergency response with contracts issued to two separate firms:

1. Turner Construction, Contract No. 2760, Pier 29 Emergency Fire Repair, for selective demolition and construction to eliminate the public safety hazard of building collapse, to stabilize the roof and walls of the building with shoring and bracing, to investigate the extent of the damage and to reopen the sidewalk; and

2. Creegan + D'Angelo Engineers and Carey & Company, Inc. historic preservation architects, for engineering and architectural services which include developing recommendations on a plan for repair and restoration and developing the related repair contract documents including repair construction support.

The City's Administrative Code requires that the Board of Supervisors approve any such declaration and the related actions. A Pier 29 Fire – Declaration of Emergency and Authorization for Emergency Contracts Resolution, retroactively approving the declaration and the issuance of the above contracts, is scheduled to be heard by the Board of Supervisors its July 10, 2012 meeting.

Once the Fire Department extinguished the fire in the late afternoon on June 20, 2012 Port Maintenance staff installed fencing required for the closure of the Embarcadero Promenade sidewalk in front of the building, and signage to reroute pedestrian and bike traffic. On the day following the fire, as stated above, Port Engineering staff initiated an emergency architectural and engineering contract with Creegan + D'Angelo Engineers and Carey & Company, Inc. historic preservation architects, to facilitate the fire damage assessment and developed a selective demolition and stabilization plan.

Simultaneously, Port Engineering staff also initiated an emergency selective demolition and construction contract with Turner Construction. On June 21, 2012 the Turner Construction mobilized demolition with subcontractor Alarcon – Bohm. Port staff and the contracted engineers and architects prepared a plan and obtained a building permit for selective demolition of the structure and advised on historic building preservation required on that same day. The construction and architectural and engineering consultants worked daily until the unsafe conditions along the Embarcadero Promenade and Roadway were mitigated, and the Promenade was reopened to pedestrian traffic by the following Sunday afternoon, June 24, 2012.

During the selective demolition and shoring, Creegan + D'Angelo Engineers, Carey & Co., Inc. and Turner Construction performed a fire damage condition assessment to determine the structure and architectural elements that could be saved, or repaired or had to be replaced.

Carey & Company, Inc., the historic preservation architect, is providing direction regarding selective demolition, protection of existing portions of the building during demolition, and preservation of historic elements of the façade and windows to be salvaged for reconstruction.

YEI Mechanical and Electrical Engineers performed the electric power and utilities inspection. The Pier 29 power equipment provided service to Piers 33, 31, 29, 29½, 27 and the cruise ship shore side power system. However, the shore side power system was being stored off-site and was not directly affected. The extent of damage to the electrical system is in the process of being assessed for recommendations for repair or replacement of electric power equipment. Additional utilities such as fire protection, water, and gas and are being investigated to establish an action plan for repair.

Further steps for immediate safety in the area, which are in progress, include bracing the south wall of the bulkhead building and construction of a temporary partition wall to separate the fire damage of the bulkhead from the shed building. A hazardous materials notice, dated April 2012, identified asbestos and lead paint in the area of work. The demolition and construction work performed to date has been completed by construction staff trained in working with hazardous materials and appropriate precautions have been used. Further abatement of hazardous materials will be required.

34TH AMERICA'S CUP

The America's Cup Village is scheduled to be located at Piers 27-29 and the valley between Piers 27 and 29 in 2013. Specifically, the valley area will house a performance stage, retail merchandising, exhibitions and displays, race viewing, food and beverage sales, and ancillary support functions. As mentioned above, neither the valley area nor Pier 27 sustained any damage from the fire. The cruise terminal project which will be used as part of the AC Village activities, remains on schedule and will be delivered to the America's Cup Event Authority (Event Authority) in early 2013. Portions of the valley will be delivered to the Event Authority in the coming weeks so that they can begin their preparations for the 2013 events.

The Pier 29 Shed is also scheduled for use by the Event Authority as an important venue, key to the success of the America's Cup events. The Pier 29 shed is going to house activities supporting and enhancing the village area. Port staff believe activities can proceed in the Pier 29 shed as the shed suffered little fire damage. Port Engineering staff are working with our consultants to devise a repair and restoration plan for the bulkhead with the goal of having the façade repaired and/or restored in time for the 2013 activities.

FUTURE ACTION

The response and repair project activities require further review and identification of temporary electric power service size, type, and location. Port Engineering staff will advise on the permanent electric power replacement. The power for the cruise terminal project has been identified as a critical item, and is being addressed along with all of the above work. The Port will restore permanent electric power to Piers 33, 31, 29, 29½ and 27 as soon as possible. Fire damage construction will continue to include clean up, hazmat removal, painting, and roof repairs of the Pier 29 shed building to restore space for use by the Event Authority as described above.

The Port is in the process of identifying the building code criteria and regulations for the fire damage repair construction plans and is working with the City and the insurance company to define fire damage repair construction allowed by the policy coverage, which includes "code upgrades" and "green building upgrades" to incorporate into the project as appropriate.

Because of their interest in the stewardship of the Embarcadero Historic District and specifically the repair of the fire damaged Pier 29 bulkhead building, Port staff will brief the San Francisco Historic Preservation Commission on the Port's response and process for future repair. Historic preservation requirements ensure that the repair of the Pier will meet the Secretary of the Interior Standards for the Treatment of Historic Properties.

Throughout the next several weeks, Port Engineering staff will continue to work with our consultants to devise an appropriate repair and restoration plan. Port Engineering staff will return to the Port Commission as soon as possible to present an update to the Port Commission on the code assessment findings and recommended repair plan.

Prepared by: Wendy Proctor, Architect

Prepared for: Ed Byrne, Chief Harbor Engineer

Attachments:
Exhibit #1 – Pier 29 Location Plan
Exhibit #2 - Pier 29 Fire Damage - Plan
Exhibit #3 - Pier 29 Fire Damage - Photographs

Exhibit #1
Pier 29 Location Plan

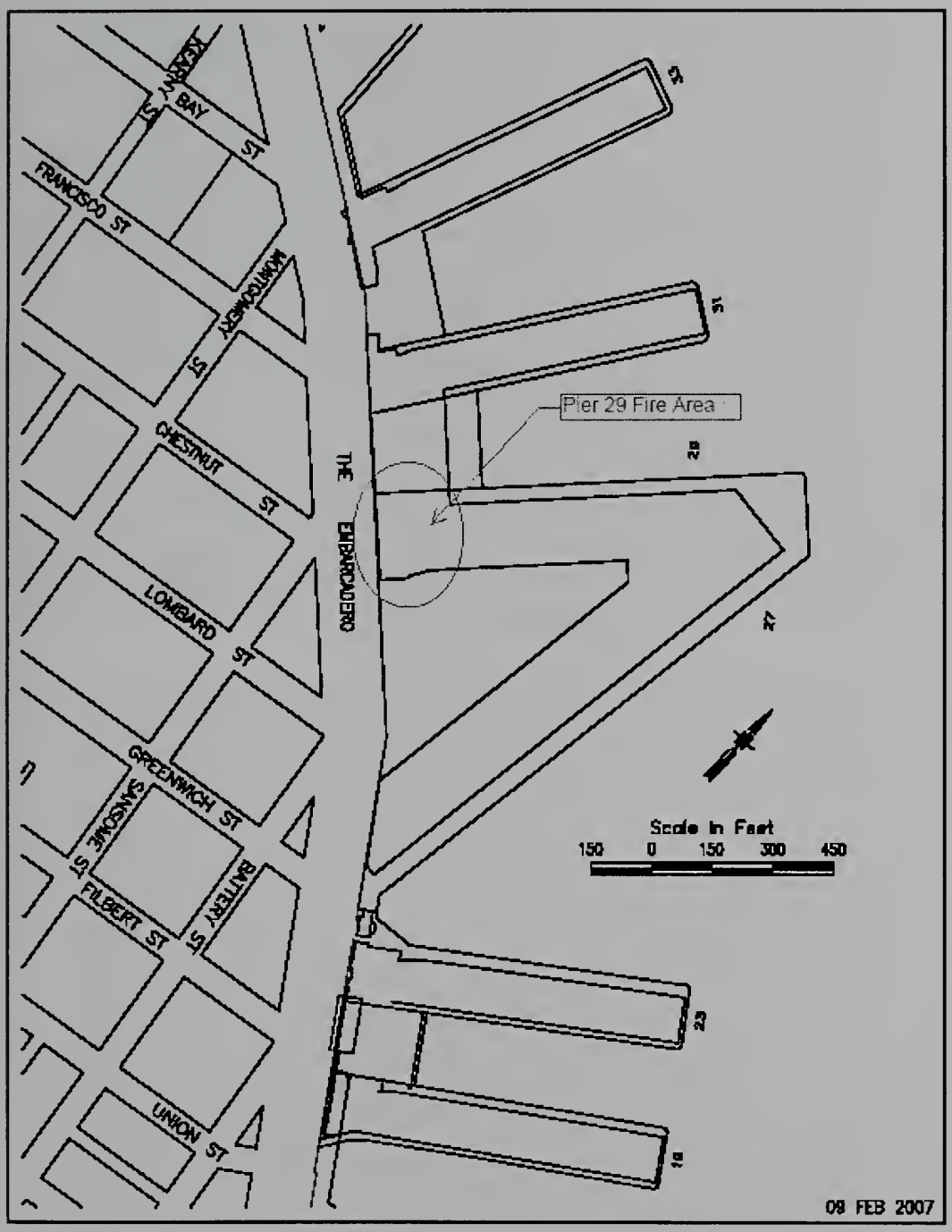

Exhibit #2
Pier 29 Fire Damage - Plan

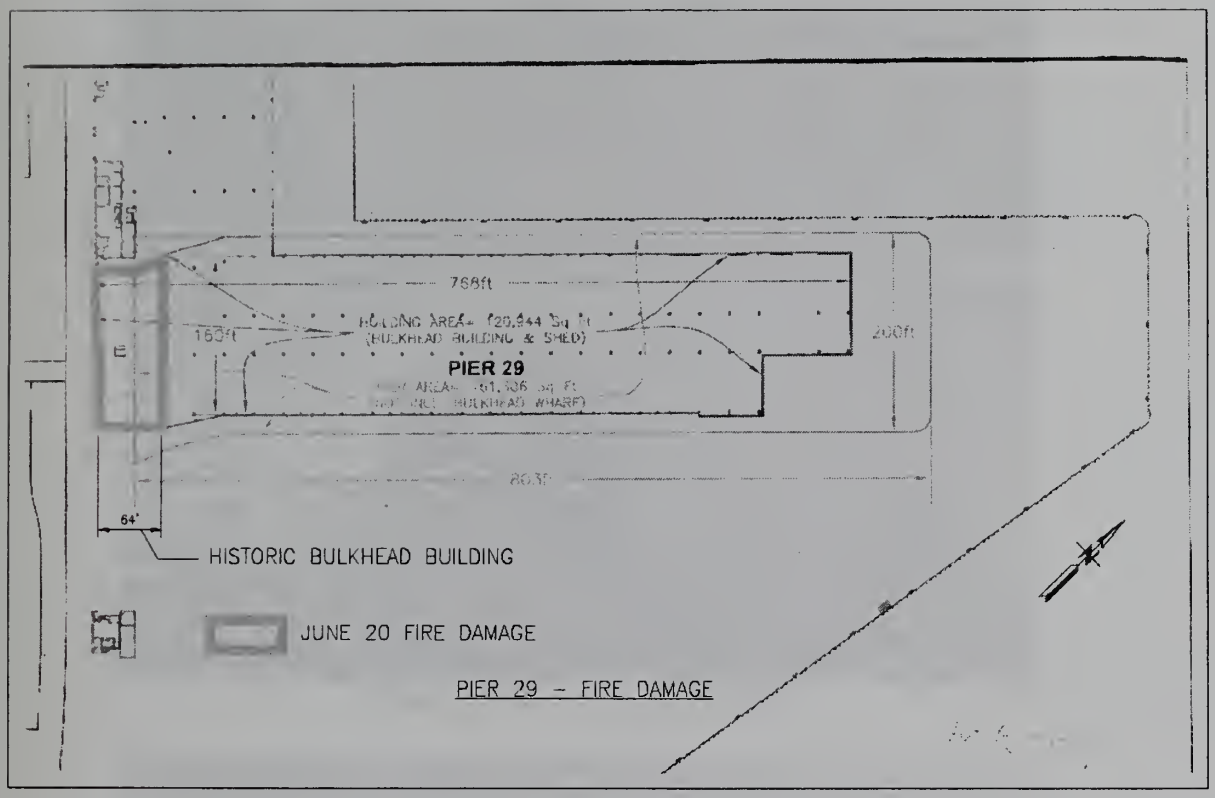

Exhibit #3
Pier 29 Fire Damage - Photographs

Day of Fire - June 20, 2012

Front Façade - June 27, 2012

South Façade - June 27, 2012

Exhibit #1
Pier 29 Location Plan

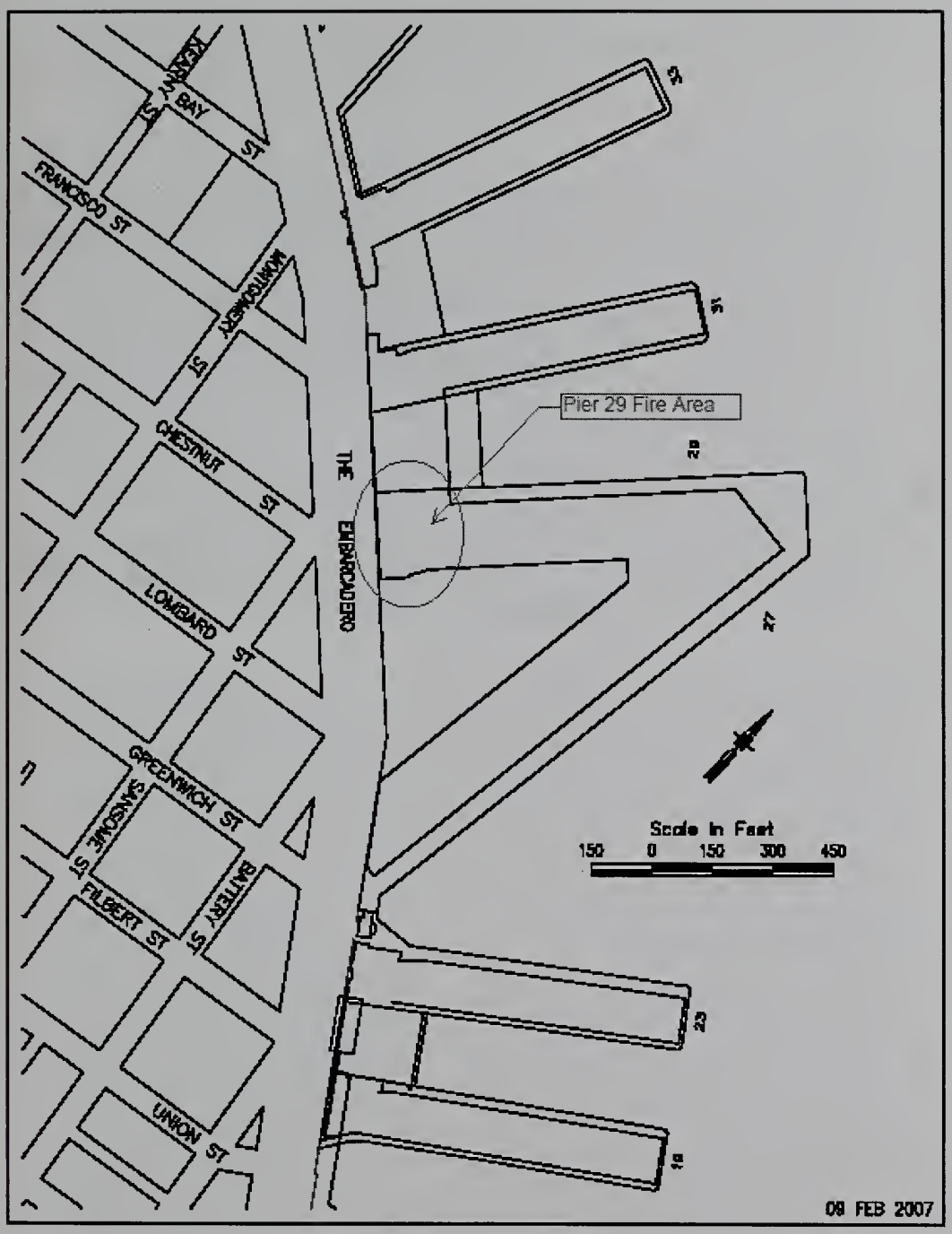

Exhibit #2
Pier 29 Fire Damage - Plan

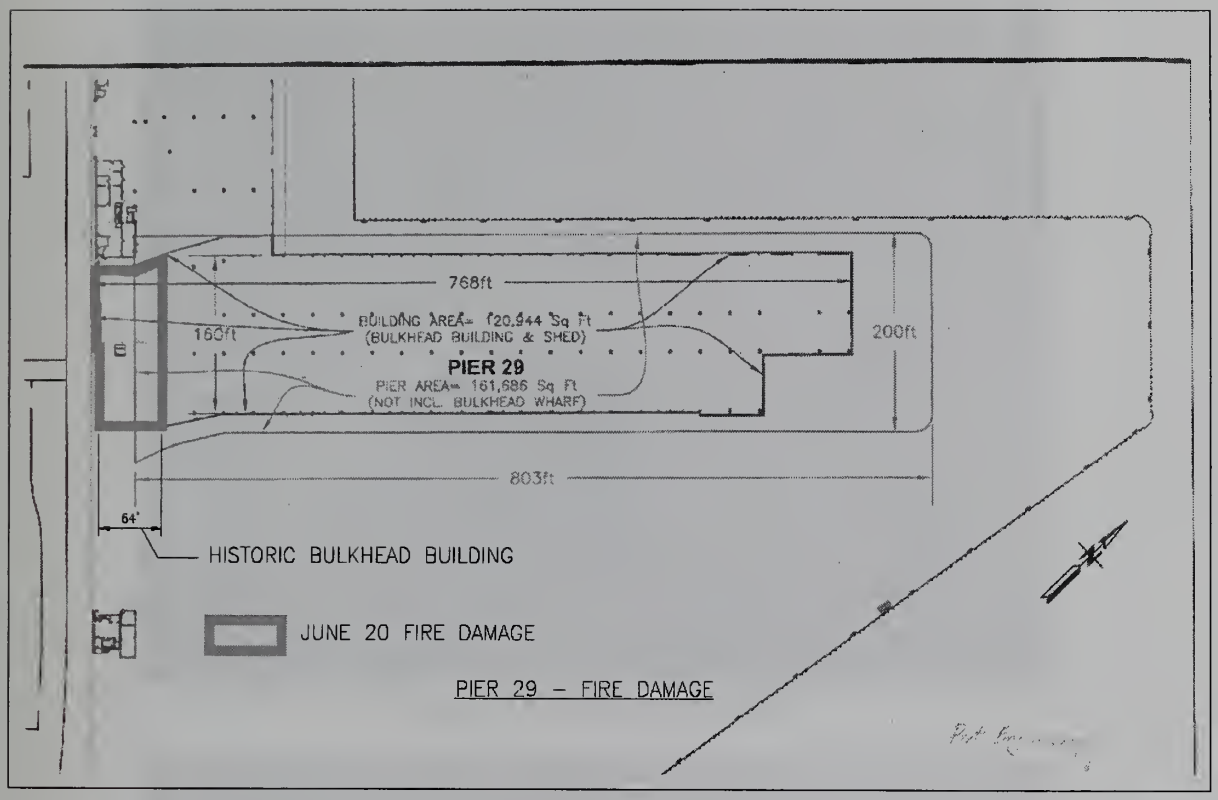

Exhibit #3
Pier 29 Fire Damage - Photographs

Day of Fire - June 20, 2012

Front Façade - June 27, 2012

South Façade - June 27, 2012

PORT OF SAN FRANCISCO

MEMORANDUM

July 5, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director MMoyer

SUBJECT: Request Authorization to Issue a Request for Proposals for a non-profit youth employment services organization to participate in the Port's youth employment program and assist in maintaining the Port's property

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Background and Description of the Proposed RFP

During its review of the Port's FY 2004-05 budget, the Board of Supervisors appropriated $150,000 of the Budget Analyst's cuts to fund a youth employment program at the Port of San Francisco aimed at providing jobs to economically disadvantaged and at-risk San Francisco youth ages 16 through 24. At that time, Port staff determined that we could benefit from a program that supports the Port's efforts to maintain landscaped areas, including weed abatement, hand watering and manual fertilization of Port plants, and graffiti and litter removal. Subsequently, the Port Commission adopted Resolution 04-90 authorizing Port staff to enter into a four year grant agreement with the San Francisco Conservation Corps (SFCC) for these services, which expired on June 30, 2008.

In 2008 the City's policymakers continued to express a strong desire for City departments to have youth employment programs. As a result, Port staff recommended that the Port continue this program and increase the annual funding by $50,000, from $150,000 to $200,000 in the Port's FY 2008-09 budget.

On April 22, 2008 the Port Commission adopted resolution 08-23 authorizing Port staff to issue a Request for Proposals (RFP) for a non-profit organization for a Youth Employment Program to help maintain Port property. Through the RFP process the San Francisco Conservation Corps was again the successful respondent and recommended services provider for the Port Youth Employment Program. On October 28, 2008 the Port Commission adopted resolution 08-65 authorizing Port staff to enter into a 4-year

THIS PRINT COVERS CALENDAR ITEM NO. 8A

grant agreement with the San Francisco Conservation Corps (SFCC) for these services, which expired on June 30, 2012.

Port staff has been very satisfied with the SFCC's services. Its participants complete the landscaping and related projects they commit to in a timely manner, the work is of good quality, and they work well with the staff in the Port Maintenance Division. During the course of the 2008-2012 grant agreement the SFCC performed as the prime contractor for 80% of the services and managed the Larkin Street Youth program as a sub-contractor for 20% of the services. The program supported employment for 15 youths and 3 supervisors.

The City policymakers continue to provide direction and leadership for departments to continue strong youth employment programs. In the Port FY 2012-13 and 2013-14 budgets, Port staff recommended $265,000 in annual funding for this program. The request for authorization to issue a RFP for a non-profit youth employment services organization to participate in the Port's youth employment program is conditional on finalization of these budgets.

Port staff is proposing to issue another RFP (subject to Civil Service Commission approval) to solicit a non-profit youth employment services organization to continue the Port's successful youth employment program assisting in maintaining Port property. Port staff propose awarding the successful respondent a 4-year grant agreement totaling $1,060,000 (at $265,000 per year), subject to appropriations, to allow the Port the flexibility of continuing the program if it remains successful and to terminate it if the Port's financial condition does not allow it. We estimate that a contractor should be able to employ approximately 20 to 25 youths annually with the $265,000 in funding. We estimate that the selected contractor will require three supervisors to oversee the youths' work in the field as well as an agreement manager to be the Port's main point of contact.

The selected contractor will recruit, hire, provide work readiness and safety training, and supervise the youth employees. Port staff will designate specific Port areas for the youth to maintain. Port staff and the contractor will regularly meet to identify and develop strategies to avoid potential safety hazards. Port staff will inspect the work accomplished to evaluate performance and consult with the contractor to ensure acceptable service levels are maintained. Port staff will provide the contractor with initial safety orientations and expectations.

Completion of the proposed RFP and grant agreement award schedule will be approximately 5 months from Port Commission authorization to issue a RFP. During this schedule period the Port will not have a non-profit youth employment services organization providing a youth employment program.

Office of Economic and Workforce Development (OEWD)
In 2007, the City enacted an ordinance requiring the centralization of the City's workforce development efforts under OEWD. One of the primary reasons for this change was that existing, disparate workforce development efforts taking place across

multiple City departments made it impossible to get a larger understanding of the City's progress. To address this problem, standardized data gathering and reporting is aggregated by OEWD and analyzed on a citywide basis.

OEWD has agreed to the Port's continued management of its ongoing workforce development program, as long as the Port contractor complies with OEWD's reporting requirements. Therefore, the Port's RFP will require that the contractor conduct all program reporting to OEWD in the form and frequency required by OEWD.

Funding

The RFP anticipates youth employment program funding of $1,060,000 over a four year period, or $265,000 annually, which will be funded from the Port's bi-annual operating budget. To the extent the program continues to be successful, and dependent upon the Port's financial condition, Port staff intends to request $265,000 in subsequent bi-annual budgets through FY 2015-16 to fund this program.

RFP and Grant Agreement Award Schedule

The proposed RFP schedule is as follows:

Proposal Phase	Date
RFP is advertised and issued by the City	August 13, 2012
Pre-proposal conference	August 30, 2012
Deadline for submission of written questions or requests for clarification	September 10, 2012
Proposals due and received no later than 5 p.m.	October 1, 2012
Technical Review Period	Through October 8, 2012
Oral interviews with firms selected for further consideration	October 15, 2012
Notify successful respondent	October 22, 2012
Grant Agreement negotiation period	October 23 – November 5, 2012
Port Commission consideration	November 13, 2012
Anticipated Notice to Proceed upon Grant Agreement certification	December 3, 2012

Summary

Port staff recommends that the Commission authorize the issuance of a Request for Proposals for a nonprofit organization to operate a youth employment program to assist in maintaining Port property for a four-year term, as described in this staff report. Port staff anticipates returning to the Commission for authorization to award a grant agreement on November 2012.

Prepared by: Tom Carter, Deputy Director
Maintenance

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 12-55

WHEREAS, In 2004, the San Francisco Board of Supervisors directed the Port to create a youth employment program targeting economically disadvantaged and at-risk youth; and

WHEREAS, On November 9, 2004 the Port Commission adopted Resolution 04-90 authorizing Port staff to enter into a four year grant agreement with the San Francisco Conservation Corps (SFCC) to operate a youth employment program by providing assistance in maintaining Port property; and

WHEREAS, Because of the success of the program, the Port Commission approved a subsequent solicitation in 2008 and authorized Port staff to enter into a new four year grant agreement with the SFCC to operate the Port's youth employment program by Resolution 08-65 on October 28, 2008; and

WHEREAS, From 2004 to 2012, the Port's youth employment program provided employment services to over 30 youths through the services of its nonprofit contractor; the program will provide employment services for approximately 20-25 youths in the next four years; the services have been of good quality; and the Port continues to need assistance in maintaining its property; and

WHEREAS, The Port does not have the expertise to directly recruit, hire, provide work readiness training and supervision for youth employees; and

WHEREAS, Port staff is proposing to issue a Request for Proposals for a non-profit organization to organize, implement, and administer a youth employment program to assist in maintaining the Port's property over a four-year term; and

WHEREAS, After solicitation and evaluation of proposals, Port staff will seek Commission authorization to award a grant for the services described in the accompanying staff report for a 4-year term, in the amount of $265,000 annually, and for a total amount of $1,060,000 subject to expenditure appropriations; now, therefore be it

RESOLVED, That the Port Commission hereby authorizes Port staff to issue a Request for Proposals for a non-profit organization to organize, implement, and administer a youth employment program to assist in maintaining Port property over a four-year term under a grant agreement as described in the accompanying staff report.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of July 10, 2012.

_____

Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

July 5, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director

SUBJECT: Request authorization to enter into a contract with the San Francisco Bay Conservation and Development Commission to provide staff support of BCDC planning studies associated with prior approval of the Pier 27 James R. Herman Cruise Terminal and Northeast Wharf projects

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Overview

On March 15, 2012, the San Francisco Bay Conservation and Development Commission (BCDC) approved a major permit for the Pier 27 James R. Herman Cruise Terminal and Northeast Wharf Projects. This action followed the BCDC approval on March 1, 2012 of amendments to BCDC's San Francisco Waterfront Special Area Plan (SAP). One of the requirements of the SAP amendments and permit is to work with BCDC to carry out specified planning studies. To support this effort, the Port must contract with BCDC for BCDC staff participation, for up to $100,000.

BCDC Planning Studies

At the February 28, 2012 Port Commission meeting, Port staff provided a briefing on the BCDC SAP amendments for the Pier 27 and 34th America's Cup projects. A detailed discussion is provided in the Port staff memorandum to the Port Commission dated February 23, 2012, which is incorporated by reference. In summary, the amendments included a requirement to conduct planning studies to address the following issues:

1) Identify a new Open Water Basin. *Require a planning process to be initiated in July 2012 and completed by July 2015 to identify a new Open Water Basin within the Northeastern Waterfront.*

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2) Historic Resources Assessment. *By July 2015, initiate a planning process to identify strategies for either rehabilitating or removing Embarcadero Historic District resources within a certain period of time after being closed to occupancy and use.*

3) Fisherman's Wharf and 50% Rule. *Require a public process to be initiated in July 2012 and completed by July 2015 to develop an Open Water Basin and public plaza in the Fisherman's Wharf geographic area. If constructed and funded, the Port would seek amendments to the SAP to eliminate the 50 Percent Rule from the Fisherman's Wharf geographic area (north of Pier 35).*

Port staff are working with BCDC staff to develop a work program and public planning process to meet these obligations. The planning studies are inter-related; the objectives and analysis involved in these studies inform each other. For example, the study of Open Water Basin options will include consideration of the condition and rehabilitation potential of the piers in the Embarcadero Historic District, which is the focus of the Historic Resources Assessment Study. Similarly, consideration of plaza and Open Water Basin options in Fisherman's Wharf will be informed by the study of Open Water Basin options in the Northeast Waterfront, between Pier 35 and China Basin. To support this work, BCDC has identified the need to provide funding to secure dedicated BCDC staffing, and have proposed a contract for such funding of up to $100,000.

Port staff seeks Port Commission authorization to allow the Executive Director to enter into the staff funding contract with BCDC. Port and BCDC staff are continuing work to define the proposed approach to conduct the process for these planning studies, which will include active engagement with waterfront stakeholders. Port staff anticipate providing a briefing on the kick-off of the planning process to the Port Commission in August or September.

Port staff recommends approval of the attached Resolution authorizing the Executive Director to enter into a contract with BCDC for staff services in support of carrying out these planning studies in an amount not to exceed $100,000.

Prepared by: Diane Oshima
Assistant Deputy Director, Waterfront Planning

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO
RESOLUTION NO. 12-56

WHEREAS, On March 1, 2012, the San Francisco Bay Conservation and Development Commission (BCDC) approved amendments to BCDC's San Francisco Waterfront Special Area Plan and, on March 15, 2012, approved a BCDC Major Permit for the Pier 27 James R. Herman Cruise Terminal and Northeast Wharf projects; and

WHEREAS, Those BCDC approvals included provisions for the Port to work with BCDC to carry out specified planning studies to 1) Identify a new Open Water Basin in the Northeast Waterfront; 2) Complete an assessment of the Port's Embarcadero Historic District Resources; and 3) Identify an Open Water Basin and public plaza location in Fisherman's Wharf and address the "50% Rule"; and

WHEREAS, Port staff are working with BCDC staff to develop a work program and public planning process to meet these obligations, and BCDC has identified the need to provide funding to secure dedicated BCDC staffing to support this effort; and

WHEREAS, Port staff and BCDC propose that the Executive Director enter into a contract with BCDC for up to $100,000 for the BCDC staff services to carry out the required planning studies; and

WHEREAS, Based on staff's recommendation and its own review, the Port Commission concurs with the proposed approach to secure BCDC staff support of the Port's efforts to carry out the required planning studies; now, therefore, be it

RESOLVED, That the Port Commission hereby authorizes the Executive Director, or her designee, to execute a contract with BCDC to provide funding for BCDC staff support to carry out the required planning studies in an amount not to exceed $100,000; and, be it further

RESOLVED, That the Port Commission authorizes the Executive Director to enter into any additions, amendments or other modifications to the contract that the Executive Director, in consultation with the City Attorney, determines are in the best interests of the Port, do not materially decrease the benefits or otherwise materially increase the obligations or liabilities of the Port, provided, however, that significant changes in the parties' obligations under the contract shall be subject to further Port Commission consideration and final approval.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of July 10, 2012.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

July 5, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director

SUBJECT: Request authorization to execute a contract modification to Construction Contract No. 2749, Heron's Head Park Improvement Project, with Yerba Buena Engineering & Construction, to increase the contract amount by $135,989 for betterments of the pathways and extend the substantial completion date to August 24, 2012

DIRECTOR'S RECOMMENDATION: Adopt Attached Resolution

Introduction:
Port staff request Commission authorization to modify the construction contract for Heron's Head Park Improvement Project, Contract No. 2749, with Yerba Buena Engineering & Construction, Inc., to increase the contract amount and extend the contract duration for betterments of the pathways. Under the current contract the pathways, as designed, are to be constructed of locally sourced decomposed granite (DG). Recent concerns over long term compliance of DG pathways with the Americans with Disabilities Act (ADA), combined with unacceptable test results of DG mockups for this project, prompted staff to evaluate and recommend a change of materials to a DG product with a Portland cement based binder known as GraniteCrete. GraniteCrete is being used successfully in similar settings at other local parks including Crissy Field Visitor Center and Golden Gate Bridge Visitor Center. Staff have negotiated a fair price for this betterment that represents good value to the Port. To fund the additional cost, staff propose to use Port Capital funds including funds payable from the Transbay Cable project.

THIS PRINT COVERS CALENDAR ITEM NO. 8C

Background:
The Port Commission, at its meeting on September 13, 2011, authorized Port staff to award the construction contract for the Heron's Head Park Improvement Project to the lowest responsive and responsible bidder, Yerba Buena Engineering & Construction, Inc.("Yerba Buena Engineering") for the amount of $1,708,000 for the base bid and additive alternates 1 (replacement of asphalt parking area) & 2 (replacement of decomposed granite paths); and further authorized a contract contingency, if needed, in the additional amount of $170,800 (10% of $1,708,000) for a total authorization of $1,878,800.

Staff awarded the construction contract to Yerba Buena Engineering and issued a Notice to Proceed on January 10, 2012, with a substantial completion date of July 7, 2012, and Final Completion date of August 6, 2012. During construction, staff deemed it necessary to increase the contract amount by $60,476 and extend the duration by 6 days to account for unforeseen conditions and minor design omissions/changes. In addition, staff is currently considering or negotiating proposed change orders totaling up to $98,884 with a time extension of 31 days. The total amount of contract modifications negotiated or under consideration is $159,360, leaving a remaining contingency amount of $11,440. Table A summarizes the change orders negotiated and those still under consideration.

Furthermore, in response to recent maintenance and long term ADA compliance concerns over locally sourced decomposed granite paths as specified in this contract, staff has been evaluating alternate path materials that still provide a natural appearance, are permeable, and align with the Port's sustainability goals. This research has culminated in a staff recommendation to use a decomposed granite product with a Portland cement based binder known as GraniteCrete in lieu of the copolymer stabilized decomposed granite currently specified in the contract. GraniteCrete is a relatively new paving product that has been successfully used in many coastal California locations including Asilomar, Crissy Field, and Golden Gate Bridge visitor center. Both California State Parks and Golden Gate National Parks Conservancy are planning to continue to use the product for appropriate path locations. Replacing the path material with GraniteCrete increases the cost by $156,840 and extends the contract by 14 days. To help offset the costs of this proposed change, staff also propose to change the parking lot material from colored asphalt concrete to standard asphalt concrete for a savings of $20,851.25. The net result of these proposed design changes increases the contract amount by $135,989 and extends the duration by 21 days. Yerba Buena Engineering has the required experience to complete the installation and a representative from the supplier will provide oversight during installation.

TABLE A: CONTRACT #2749 SUMMARY

	AMOUNT
Original Contract	
Authorized Contract	$1,708,000.00
Authorized Contingency	$ 170,000.00
Total Authorized	$1,878,800.00
Current (CO) or Pending (PCO) Modifications	
CO #1: Phasing, Restroom finishes, waterline relocation	$ 56,517.26
PCO #7: Signage Changes (Design Change)	$ 1,869.00
PCO #8 R1: Bench Bracket Modifications (Design Omission)	$ 2,090.00
Total Approved or Pending Change Orders	$ 60,476.26
Total Current Modified or Pending Contract	$1,768,476.26
Remaining Contingency	$ 110,323.74
Proposed Changes under negotiation/consideration	
PCO #2: Existing asphalt concrete (AC) thickness (differing site condition – dispute)	$ 45,883.63
PCO #4 R1: Extension of Contract Time (Rev 1)	-
PCO #6 R2: Class 1 Soil Handling and Offhaul (unforseen conditions)	$ 50,000.00
PCO #11: Culvert Rebar (design omission)	$ 1,000.00
Sum of Modifications under Negotiation	$ 96,883.63
Total Contract Amount Pending Negotiation/Consideration	$1,865,359.89
Remaining Contingency	$ 13,440.11
Total	$1,878,800.00
Proposed Contract Modifications for Pathways (Negotiated)	
PCO #9 R1: Alternative Pathway Materials (Design Change)	$ 156,840.00
PCO #10 R1: Delete Colored AC & Add Eco Center Pathway (Design Change)	$ (20,851.25)
	$ 135,988.75
Total Contract Amount with consideration of all requests	$2,014,788.75
Remaining Contingency	$ 13,440.11

Local Business Enterprise
The Human Rights Commission ("HRC") established a Local Business Enterprise ("LBE") subcontractor participation goal of 22% for the base bid items. Yerba Buena's contract includes 23.3% LBE subcontractor participation for the base bid items and 20.2% after including both additive alternates. Because pathway installation will be completed by a non-LBE subcontractor, the change of pathway material will lower Yerba Buena Engineering's LBE participation, but not below the HRC goal established for the base bid items. LBE participation as of June 18, 2012 was 8.9%. This figure will increase as the LBE subcontractors mobilize later in the construction program.

San Francisco Local Hiring Policy for Construction
The Local Hire goal is 20% for the project. The Local Hire participation was 26% as of June 8, 2012. Compliance per the original contract is required for the modification.

Regulatory Permits
Work associated with the modification does not impact permits.

Funding:
Funding for the Project is provided by the 2008 Clean and Safe Neighborhood Parks Bond, however, the change of pathway material exceeds the available funds. Staff propose to use Port Capital Funds, including funds payable from the Transbay Cable Agreement, to fund the pathway material change for an amount up to $135,989.

Schedule:
Under the original contract, substantial completion of the project was scheduled for July 7, 2012. This date has been modified through contract change order to July 14, 2012. The proposed change of pathway materials will further delay the project. Therefore, to allow sufficient time for the new work, the proposed contract modification will extend the substantial completion date to August 24, 2012.

Summary:
Port staff recommend that the Port Commission authorize a contract modification to Construction Contract No. 2749, Heron's Head Park Improvement Project, with Yerba Buena Engineering & Construction, to increase the contract amount by $135,989 for betterments of the pathways, extend the substantial completion date to August 24, 2012, and raise the authorized contract amount, including the contingency fund, by the same amount to a total of $2,014,789. Port staff also recommend that the Port Commission authorize the Executive Director to accept the work once it is complete.

Prepared by: Steven Reel, Project Manager
Engineering
For: Ed Byrne, Chief Harbor Engineer
Engineering

Exhibits
A: Park Site Plan showing Pathways
B: Park Improvement Area
C: GraniteCrete Example at Golden Gate Bridge

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 12-57

WHEREAS, on September 13, 2011, the Port Commission previously authorized staff to award the construction contract, Heron's Head Park Improvement Project, Contract No. 2749, to Yerba Buena Engineering & Construction, Inc., the lowest responsive, responsible bidder, for the amount of $1,708,000 for the base bid and additive alternates 1 & 2; and

WHEREAS, on the same date, the Port Commission authorized Port staff to increase the contract amount, if needed for unanticipated contingencies, through contract modification or change order by an additional $170,800 (10% of $1,708,000) for a total authorization not to exceed $1,878,800; and

WHEREAS, Yerba Buena Engineering & Construction is progressing with construction of the Heron's Head Park Improvement Project with a substantial completion date of July 7, 2012 as specified in the original contract; and

WHEREAS, Port staff have previously negotiated and approved contract change orders for unforeseen conditions and design omissions, which increased the contract amount by $60,476, diminish the original contract contingency by a commensurate amount, leaving the residual sum of $110,324, and which extended the substantial completion date to July 14, 2012; and

WHEREAS, Port staff recommend a design change of the pedestrian path material so as to improve long term compliance with the Americans with Disabilities Act and lessen future maintenance demand, and a design change of the parking lot material to save costs, and staff have negotiated a proposed amount of $135,989 and contract extension of 21 calendar days for this proposed betterment; and

WHEREAS, the current contract contingency balance of $110,324 is insufficient to compensate Yerba Buena Engineering & Construction for the cost of this proposed additional work; and

WHEREAS, In order to accomplish this additional work and to maintain the remaining contingency balance for the remainder of the project, it is necessary and appropriate for the Port Commission to authorize an increase of $135,989 to the existing contract amount; and

WHEREAS, the Project is funded by bond funds from the 2008 Clean and Safe Neighborhood Parks Bond; and

WHEREAS, additional funding for the pathway betterments, if required, will come from Port Capital funds; now, therefore be it

RESOLVED, that the Port Commission hereby authorizes Port staff to execute a modification to the construction contract, Heron's Head Park Improvement Project, Contract No. 2749, with Yerba Buena Engineering & Construction, Inc., to include a betterment of the paving material for the park paths, and increasing the contract amount and total contract authorization by $135,989; and be it further

RESOLVED, that the Port Commission hereby authorizes Port staff to utilize the current contract contingency balance of $110,324, to increase the contract in the future, through contract modification or change order, for unanticipated contingencies, to a total amount of $2,014,789; and be it further

RESOLVED, that the Port Commission hereby authorizes Port staff to extend the existing contract substantial completion date from July 7, 2012, to August 24, 2012; and be it further

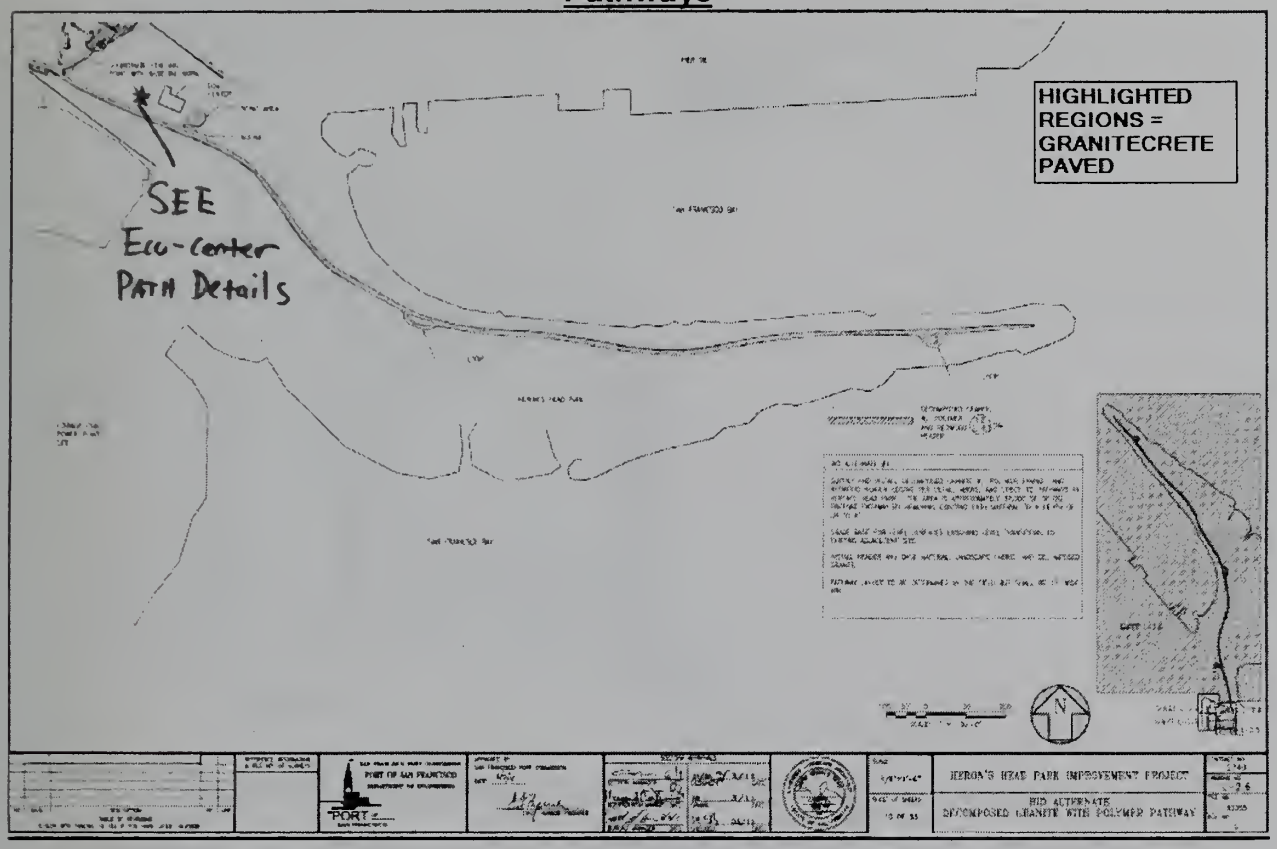
RESOLVED, that the Port Commission hereby authorizes the Executive Director to accept the work once it is complete.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of July 10, 2012.

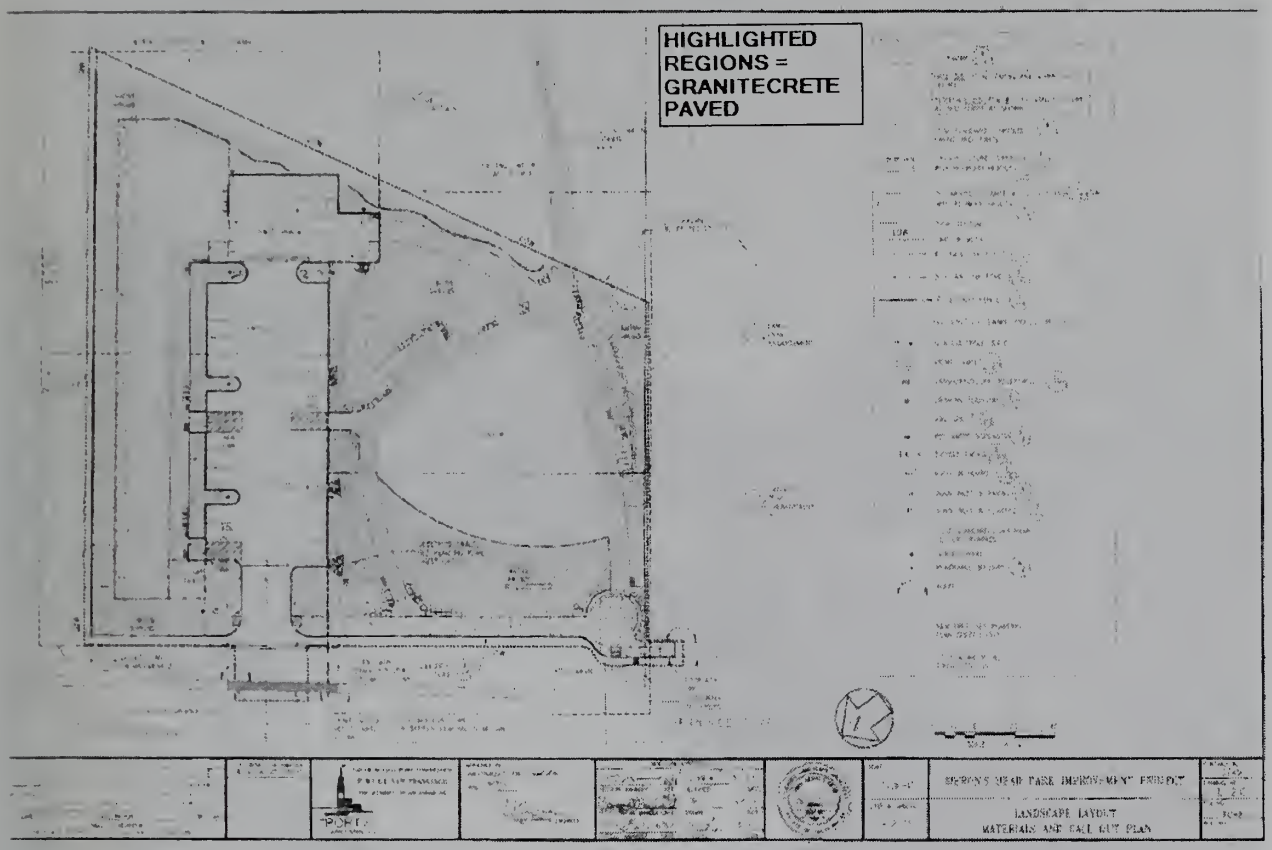
_____

Secretary

ATTACHMENT A – Overall Park Site Plan & Pathways



ATTACHMENT B – Park Improvement Area



ATTACHMENT C – Example of GraniteCrete at GG Bridge

PORT OF SAN FRANCISCO

MEMORANDUM

July 5, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director

SUBJECT: Request authorization to execute an amendment to the design and engineering services contract with Gerwick/SDE JV for the Pier 43 Bay Trail Link Project to retroactively extend the contract duration by one year and to ratify staff's actions in furtherance of the contract amendment

DIRECTOR'S RECOMMENDATION: Adopt Attached Resolution

Introduction:
Port staff requests that the Port Commission authorize staff to execute an amendment to the design and engineering services contract with Gerwick/SDE JV for the Pier 43 Bay Trail Link Project (the "Project) to retroactively increase the contract duration by one year, from December 30, 2011, to December 30, 2012, and accept and ratify work that was performed after the contract expiration date.

Background:
At the Port Commission meeting on April 12, 2011, the Port Commission authorized staff to execute an amendment to the design and engineering services contract with Gerwick/SDE JV which included scope and funding for construction support services (Resolution 11-18). The accompanying staff report included an anticipated construction schedule of May, 2011 through July, 2012. However, due to an administrative oversight, staff did not obtain authorization to extend the duration of the contract as necessary to provide services for the entire duration of the construction period. Services required of the consultant are periodic in nature, and it only recently came to the attention of staff that the contract had expired. After expiration of the contract, staff continued to request support services, and the consultant continued to provide requested services, both parties being unaware that the contract had expired. Construction is now expected to be substantially complete in October, 2012, with full completion by November 30, 2012 and staff therefore require continued consultant support services as anticipated in the contract to properly complete the construction project.

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Local Business Enterprise (LBE) Participation
The LBE subcontractor participation goal for this project is 21% as established by the San Francisco Human Rights Commission. The original approved Gerwick/SDE JV contract included an LBE participation of 26.5%. The current LBE participation is 26.8% Extending the duration of the contract will help Gerwick/LBE JV exceed the goal.

Civil Service Commission
The Civil Service Commission approved this contract on July 6, 2009, for an amount of $600,000 and duration of 10/23/2009 to 9/30/2012 (4003-09/2010). On October 28, 2009, the Civil Service Commission approved a modification to increase the amount to $802,000. On April 18, 2011, the Civil Service Commission approved a modification to increase the contract amount to $864,200. Port staff will seek an administrative approval from the Civil Service Commission to extend the services from 9/30/2012 to 12/30/2012.

Table 1: Executed and Proposed Contract Amendments

	Amend. Amount	Total Contract Amount	% change from original	Notes
Original Contract	N/A	$728,300		Includes final design, engineering & construction support
1st Amendment	$20,617	$748,917	2.8%	Add scope for homeland security lighting & ADA improvements (+$31,168), and credit back for geotechnical borings (-$10,551)
2nd Amendment	($2,434)	$746,483	2.5%	Add scope for additional wharf areas (+$105,266) & remove construction support (-$107,700)
3rd Amendment	$106,945	$853,428	17.2%	Add construction support ($107,700), add scope for design of revised railing and event power supply ($9,305), & remove wharf design complexity task (-$10,060)
4th Amendment (proposed)	$ 0	$853,428	-	Extend contract duration to December 30, 2012

Funding:
The consultant services contract is fully funded. The proposed amendment does not change the contract value; therefore no additional funding is required.

Schedule:
The construction project was originally scheduled to be substantially complete on July 31, 2012 with final completion on September 29, 2012. The current schedule is for substantial completion by October 1, 2012, and final completion by November 30, 2012. Staff require consultant services until final completion, and are requesting authorization for extending the contract until December 30, 2012, to account for any further delays in construction.

Summary:
Port staff requests that the Port Commission authorize staff to execute an amendment to the design and engineering services contract with Gerwick/SDE JV for the Pier 43 Bay Trail Link Project (the "Project) to retroactively extend the contract duration by one year, from December 30, 2011, to December 30, 2012, and accept work that was performed after the contract expiration date. The expiration of the contract was an administrative oversight, and the services are necessary to complete the construction.

Prepared by: Steven Reel, Project Manager
Engineering

For: Ed Byrne, Chief Harbor Engineer
Engineering

Elaine Forbes, Deputy Director
Finance & Administration

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 12-58

WHEREAS, on October 13, 2009, the Port Commission authorized the award of the design and engineering services contract for the Pier 43 Bay Trail Link Project (the "Project") to Gerwick/SDE JV in the amount of $728,300 (Port Commission Resolution 09-61); and

WHEREAS, on that same date, the Port Commission further authorized Port staff to increase the Gerwick/SDE JV contract (the "Contract") amount through change order or contract modification, as necessary for unanticipated contingencies, by an additional sum of $72,830 (10% of $728,300) for a total contract amount of $801,130; and

WHEREAS, on April 12, 2011, the Port Commission authorized Port staff to increase the Contract amount to $853,428 and further authorized Port staff to increase the Contract amount through contract modification, as necessary for unanticipated contingencies, by an additional sum of $10,770 for a total contract amount of $864,198 (Port Commission Resolution 11-18); and

WHEREAS, the increase in contract amount was in part to fund design support services required during construction; and

WHEREAS, the accompanying Port Commission staff report to Resolution 11-18 included an anticipated construction schedule of May 2011 through July 2012; and

WHEREAS, due to administrative oversight, Port staff did not obtain authorization to modify the Contract and extend the Contract duration as necessary to provide services through the entire anticipated construction period; and

WHEREAS, construction of the project commenced on June 3, 2011, and is now expected to be complete in November, 2012; and

WHEREAS, the Contract duration expired on December 30, 2011; and

WHEREAS, staff have requested, and the consultant has provided necessary services during construction including services beyond the current Contract expiration date; and

WHEREAS, further consultant services included in the approved Contract have yet to be completed and are required to properly complete the construction; now, therefore be it

RESOLVED, that the Port Commission hereby authorizes Port staff to execute an amendment to the Contract with Gerwick/SDE JV for design and engineering services for the Pier 43 Bay Trail Link Project to extend the contract duration by one year, from December 30, 2011, to December 30, 2012; and be it further

RESOLVED, that the Port Commission hereby retroactively approves and ratifies all actions taken by Port staff in furtherance of such Contract amendment and to compensate the consultant for services satisfactorily performed to date.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of July 10, 2012.

_____

Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

July 5, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director MMoyer

SUBJECT: Informational update on status of Port infrastructure work, tenant relocation and other Port obligations under the Lease Disposition Agreement in preparation for the 34th America's Cup Events in 2012 and 2013

DIRECTOR'S RECOMMENDATION: No Action Required; Informational Item Only

OVERVIEW

On March 27, 2012, by Resolution 109-12, the Board of Supervisors unanimously authorized the Port Executive Director, upon Port Commission approval consistent with the Board's authorization, to execute a Lease Disposition Agreement ("LDA") between the City acting through the Port and the America's Cup Event Authority ("Authority") subject to certain risk management conditions specified in the Board's resolution, and as an amendment to the 34th America's Cup Host and Venue Agreement between the City and the Authority ("Host Agreement") setting the framework for the City to host the 34th America's Cup ("AC34") events in 2012 and 2013.

The Port Commission authorized the Port Executive Director to enter into the LDA subject to the conditions specified in the Board's resolution and approved the Port's form of Venue Lease and Venue Licenses (collectively, "Venue Leases") under which the Port will deliver Port property to the Authority for AC34 events on April 24, 2012 by Resolution 12-35. In consultation with the City's Risk Manager, City and Port staff are finalizing the insurance and bond requirements of the proposed LDA consistent with the direction of the Board of Supervisors and the Port Commission. The LDA establishes conditions that must be met before the Port delivers the Venues under the Venue Leases. The LDA and Venue Leases for AC34 venues ("Venues") needed for the 2012 events or to prepare the sites for the 2013 events are expected to be executed later this year.

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At the May 29, 2012 Port Commission meeting, Port staff provided a staff report, dated May 24, 2012 and briefing on the status of the AC34 preparations scheduled for 2012 and 2013. This staff report provides the second periodic update to the Port Commission describing preparations for AC34. The report includes:

- A progress report for Port capital projects required by the proposed LDA;
- Funding sources for the delivery of these projects;
- A description of continuing permitting efforts for AC34;
- An update on the James R. Herman Cruise Terminal and the Brannan Street Wharf construction projects;
- An update on tenant relocation efforts at sites that will be delivered to the Authority under Venue Leases and the status of delivery of these sites to the Authority; and
- A description of the Port's efforts to repair the Venues pursuant to the proposed requirements of Section 1.2(g) of the LDA, which requires the Port to make repairs up to a maximum of $500,000.

Port staff will continue to provide regular AC34 status reports, as presented in this staff report, during the project construction and implementation period, with updates from the Real Estate, Planning, Engineering and Finance Divisions, as appropriate.

AC34 PORT CAPITAL PROJECT UPDATE

Under the proposed LDA, the Port will undertake several required infrastructure improvements to support Venues programmed for Port waterfront facilities, including public access improvements to meet the San Francisco Bay Conservation and Development Commission's ("BCDC") requirements and environmental improvements to meet other permitting requirements. These improvements, described below, include improvements to Piers 27-29, which will be coordinated with the ongoing construction of Phase 1 of the James R. Herman Cruise Terminal:

1. Pile repairs to Pier 29 substructure, and demolition and reconfiguration of the north end of the Pier 29 shed prior to the 2013 events;

2. Stormwater management improvements along the north end of Piers 27-29 deck prior to the 2013 events;

3. Upgrade to Pier 23 electrical utilities prior to the 2013 events;

4. Repairs and utility upgrades to Piers 30-32, which will be implemented in two phases; Phase 1 repairs will occur prior to the 2012 events, Phase 2, prior to the 2013 events;

5. Repair of Pier 19 south apron prior to 2013 events;

6. Demolition of Pier ½ prior to 2013 events; and

7. Removal of Pier 64 and construction of bird platform at Pier 64 after the 2013 events.

As authorized by the Port Commission on April 24, 2012, Port staff executed the fourth amendment to the Construction Manager/General Contractor contract with Turner Construction Company to increase the total authorization from $49,978,883 to a total authorization of $64,719,777 (an addition of $14,740,894) to fund new public improvements related to AC34 events at Pier 29, Pier 23, Pier ½, and Piers 30-32. In the case of the Pier 19 South Apron project, Turner will purchase piles for the Port and Port Maintenance staff will perform the construction.

Table 1: Status of AC34 Capital Projects

No.	Project Title	Design Completion Date	Scheduled Construction Start	Scheduled Construction Completion	Current Status
1	Pier 29 Substructure Repair	04/27/2012	07/09/2012	09/15/2012	Regulatory permits are pending
2	Pier 23 Electrical Upgrade	07/20/2012	09/01/2012	12/31/2012	Drawings in progress
3	Pier 19 South Apron	04/27/2012	08/01/2012	02/15/2013	Regulatory permits are pending
4	Pier ½ Demolition	04/27/2012	08/15/2012	12/31/2012	Regulatory permits are pending, construction start date revised to accommodate the approval process for release of Prop. K grant funds
5.1	Piers 30-32 Phase I	05/21/2012	06/27/2012	07/20/2012	Construction underway
5.2	Piers 30-32 Phase 2	08/31/2012	10/20/2012	02/14/2013	Port is reviewing phase 2 drawings
6	Pier 64 Demolition & Caspian Tern Nesting Platform	March 2013	09/02/2013	01/29/2014	Drawings in progress
7	Pier 29 North End Reconfiguration	04/27/2012	06/24/2012	08/31/2012	Construction in progress
8	Pier 27-29 North Tip Drainage	06/28/2012	Jan. 2013	03/01/2013	Permits pending
9	Piers 30/32 Dredging		10/15/2012	11/30/2012	Permits pending

Project Nos. 7 and 8 in Table 1 above are included in the third amendment to the Turner construction contract.

FUNDING

The projects listed above are funded with a combination of Port capital funds, reappropriated 2010 Port Revenue Bond funds, funding from the America's Cup Organizing Committee, and funding from a new certificates of participation ("COPs") issuance which the City will undertake on behalf of the Port. Additionally, the Port is requesting grant

funding for the Pier ½ demolition project from the San Francisco County Transit Authority's Proposition K monies. The City and Port are in the process of issuing the COPs, but funds will not be available until after the work begins. In the interim, the City has agreed to issue commercial paper to provide bridge financing for these critical projects until the COPs are issued.

Table 2 below shows a breakdown of funding for the Port's AC34 construction projects and the Cruise Terminal-related projects.

Table 2: AC34 Project Funding Sources

No.	Project Name	Estimated Project Cost	COPs / Com. Paper	Port Capital	Reapprop. Port Revenue Bonds	ACOC Funds
1	Pier 29 Substructure Repair	$1,099,929	$299,929			$800,000
2	Pier 23 Electrical Upgrade	$552,000	$552,000			
3	Pier 19 South Apron	$2,740,000	$2,740,000			
4	Pier ½ Demolition	$1,275,500		$1,275,500		
5.1	Piers 30-32 Phase I	$1,514,000			$1,514,000	
5.2	Piers 30-32 Phase 2	$3,142,860			$3,142,860	
6	Pier 64 Demolition & Bird Nesting Platform	$1,047,000		$1,047,000		
7	Pier 29 North End Wall Configuration	$800,000				$800,000
8	Pier 27-29 North Tip Drainage	$1,598,555	$1,598,555			
9	AC34 Improvements 10% Project Contingency	$1,135,004	$416,610	$204,108	$514,286	
10	GM.GC Fee	$1,189,816	$470,215	$201,198	$518,403	
11	Materials Testing & Special Inspect	$275,000	$275,000			
12	AC34 Project Management	$250,000	$250,000			
13	AC34 Environmental Plan & Monitoring	$503,100	$503,100			
14	Other AC34 Soft Costs	$250,000	$250,000			
Total		$17,372,764	$7,355,409	$2,727,806	$5,689,549	$1,600,000

The Port has recently received bids for the Pier ½ demolition project. The low bid is approximately 30% over the engineer's estimate. Also bids for the Pier 29 substructure repair project have been submitted, but the Port has not yet awarded the contract. Additionally the Port has bid the Piers 30-32 Phase 1 project in several bid packages, but Port Engineering staff does not yet have the entire Phase 1 work scope bid price. Port

Engineering staff is value engineering the Piers 30-32 Phase 1 design to reduce construction costs.

Total Delivery Costs for the AC34 Construction Projects: (Items 1 through 6, 9 and 10):	$13,696,109
Total Costs for the Cruise Terminal Projects (Items 7 and 8):	$2,398,555
Total Estimated A&E, Environmental, and Other Soft Costs (Items 11 through 14):	$1,278,100
TOTAL:	**$17,372,764**

CALIFORNIA ENVIRONMENTAL QUALITY ACT AND PERMITTING

The environmental effects of the improvements to Port facilities were analyzed in the 34th America's Cup and James R. Herman Cruise Terminal and Northeast Wharf Plaza Final Environmental Impact Report, which was certified by the Planning Commission on December 15, 2011, and upheld by the Board of Supervisors on January 24, 2012. Port and City staff currently are working with regulatory agencies to secure required reviews and permits.

San Francisco Bay Conservation and Development Commission ("BCDC"): The Port received approval of an amendment to the Special Area Plan for the San Francisco Waterfront for AC34 on April 5, 2012. BCDC issued a minor permit for Piers 30-32 structural upgrades approved May 4, 2012. BCDC approved a major permit for AC34 Venues and uses on June 7, 2012. This permitting process is complete, subject to further amendments to conform to the Authority's most recent AC34 site plans.

U.S. Army Corps of Engineers ("USACE") Section 10: The Port's application is currently under review by USACE. USACE published its public notice in the Federal Register on May 16, 2012. USACE is currently working on an Environmental Assessment under the National Environmental Policy Act and review under section 106 of the National Historic Preservation Act to support its permitting actions.

San Francisco Bay Regional Water Quality Control Board 401 Water Quality Certification: The Port received an amended 401 permit on May 22, 2012. This permitting process is complete.

National Marine Fisheries Service ("NMFS") Section 7: The Port's proposed Biological Assessment is currently under view by NMFS. NMFS is expected to issue a Biological Opinion soon.

National Oceanic and Atmospheric Agency ("NOAA") Incidental Harassment Authorization ("IHA"): The IHA application is currently under review by NOAA. NOAA is expected to issue an IHA soon.

California Department of Fish and Game ("CDFG") 2081: CDFG has issued concurrence with the draft Biological Assessment that the Port submitted to NMFS. This process is complete (CDFG does not issue a permit, but must concur that the project with the proposed mitigation measures does not result in a detrimental impact to State-listed species).

U.S. Fish and Wildlife Service ("USFWS") Section 7: The Port's proposed Biological Assessment is currently under review by USFWS. Staff expects USFWS will issue a statement of concurrence soon.

State Lands Commission ("SLC") Lease: A lease application for dredging is currently under review by SLC.

JAMES R. HERMAN PIER 27 CRUISE TERMINAL AND BRANNAN STREET WHARF

The Pier 27 Cruise Terminal Project remains on schedule. Procurement for Phase I of the project is approximately 93% complete based on volume.

Twenty-six bid packages are under contract or very nearly under contract, representing $43 million of the project budget, including demolition, concrete, steel/deck/stairs, miscellaneous iron, exterior wall, roofing, elevators/escalators, mechanical, electrical, plumbing, fire protection, shore power, doors/frames/hardware, coiling doors, ceilings, flooring, fire door, rigid insulation, rough/finish carpentry, signage, tile, folding grilles, toilet partitions/miscellaneous accessories and interior drywall.

Approximately $3 million of the project budget is out to bid, including fencing, painting, and paving (including North Point drainage). The painting and fencing packages are due by July 2, 2012, while the paving package will be awarded by July 31, 2012.

Table 3: Pier 27 Cruise Terminal Major Milestones

Critical Component	Anticipated Delivery
Structural Steel	Achieved
Exterior Metal Panels	8/20/12
Escalators	8/24/12
Roof AHU's/Equipment	9/04/12
Shore power Substation	9/14/12
Electrical Switchgear & Generator	9/17/12
Transformer	10/05/12
Elevators	10/22/12

The Pier 36 demolition project, which is managed by USACE, is complete except for removal of some unforeseen hazardous material uncovered beneath the demolished pier. The Brannan Street Wharf construction contractor is in the process of mobilizing for this effort.

The Authority has requested that the Port stop work on the Brannan Street Wharf project during two weeks of pile driving scheduled to occur during the August 2012 America's Cup World Series event. This project is currently scheduled to finish by June 30, 2013. While Port staff does not believe that the schedule for the Brannan Street Wharf can absorb a two week delay, Port staff will continue to work with the Authority and the Port's contractor to find a way to address Authority concerns about pile driving during the event, given the adjacency of the Piers 30-32 Venue to the pile driving locations.

REAL ESTATE

The LDA, which establishes the conditions for delivery of the Venues under the Venue Leases, is expected to be executed later this year, at which time the Port and the Authority will enter into Venue Leases s for the various event Venues. In the interim, the Real Estate Division has completed standard form Port licenses for Pier 23 and Pier 80 to permit earlier entry to these locations prior to execution of the LDA.

The Authority needed access to Pier 23 to commence cosmetic improvements to the office space and to begin making plans for the media center to be located at the end of the Pier 23 shed. The Authority also required outdoor space at Pier 80 in order to erect a tower crane, which will be needed to lift boats in and out of the water. Pier 80 will also be used as a receiving site for team base shipping containers, which are due to arrive in San Francisco on July 20, 2012. The interim licenses were executed to facilitate these uses on a temporary basis until the Venue Leases can be delivered executed under the LDA.

In addition to Piers 23 and 80, Real Estate staff is in the process of preparing temporary licenses for the remainder of Pier 23 and for retail space at Piers 27-29.

In the meantime, staff is also preparing the Venue Leases for the Venues listed below, in anticipation of the LDA:

- Pier 19 — September 1, 2012
- Pier 19½ — 25 parking spaces July, 2012, remainder September 1, 2012
- Pier 23 — Offices (including areas previously delivered under an interim license) July 2012
- Piers 27-29 — Phased delivery July 2012 – March 1, 2013
- Piers 30-32 — July 2012 – October 2012; March 1, 2013
- Pier 80 — July 2012 (including areas previously delivered under an interim license)

The Port's tenant relocation efforts continue to be extremely successful. The event will displace a total of 37 pre-existing Port tenants. Out of these tenants, 32 have already vacated their premises and the Port is working closely with the remaining five.

Also, the Port is preparing a Special Events Permit for activities to be held at Piers 30-32. This permit is being processed and is currently undergoing interdivisional review.

VENUE REPAIRS

Pursuant to Section 1.2(g) of the LDA, the Port and the Authority are required to perform facility walk-throughs at all Venues and prepare a joint list of repairs that the Port must conduct up to a cap of $500,000. The sites include Piers 19, 19½, 23, 29, 29½, and 80-Shed A.

Port and Authority staff have completed the walk-through inspections and produced a list of code-required repairs. These repairs, with an estimated total cost of approximately $1 million, include hazardous material abatement of lead paint, fire safety improvements including exiting and signage, demolition, bathroom and utility repairs, and Americans with Disabilities Act improvements. This amount includes repairs to Pier 29, which Port staff is in the process of re-evaluating due to the recent fire at that facility. The $1 million estimate includes Port labor, contracted work and materials and supplies. The amount does not include soft costs. Port Maintenance staff will provide the majority of the labor, and Port Engineering staff will conduct design and permitting work.

Port Engineering and Maintenance staff have refined the repair list, prioritizing repairs required by code and useful long-term capital investment (as opposed to temporary tenant-driven repair) that the Port must conduct within the $500,000 LDA obligation. A list of venue repairs in order of venue delivery date may be found in Appendix A to this report.

Prepared By:	For:
Joe Roger, Structural Engineer	Ed Byrne, Chief Harbor Engineer
Larry Brown, Financial Analyst	Elaine Forbes, Deputy Director of Finance & Administration
Diane Oshima, Asst. Deputy Director	Byron Rhett, Deputy Director of Planning & Development
Mark Lozovoy, Asst. Deputy Director	Susan Reynolds, Deputy Director of Real Estate
Kelley Capone, Env. Project Mgr. &	
Rich Berman, Utility Specialist	
Daley Dunham, Special Projects	Brad Benson, Special Projects Manager
Jay Ach, Mgr. Reg. & Env. Affairs	Peter Dailey, Deputy Director of Maritime

APPENDIX A

Table 3: AC34 Port Venue Repairs				
No.	Project Name	Estimated Contract, Materials & Supplies Cost	Estimated Port Labor Cost	Facility Delivery Date to AC34
1	Pier 80 Shed A Egress Doors and Lighting & Lighting Repairs	$7,700	$36,450	LDA
2.1	Pier 23 Lead Abatement	$83,500	$0	LDA
2.2	Pier 23 Egress Doors and Lighting	$14,700	$39,250	LDA
2.3	Pier 23 North Apron Security Fence *	$17,000	$0	LDA
2.4	Pier 23 Sprinkler Repairs	$21,000	$0	LDA
3.1	Pier 19 ½ Parking Ventilation	$2,000	$0	LDA
3.2	Pier 19 ½ Egress Doors and Lighting	$6,350	$43,150	LDA
4.1	Pier 29 ½ Parking Ventilation	$2,000	$0	LDA
4.2	Pier 29 ½ Demising Fence, Egress and Lighting	$13,200	$40,450	LDA
4.3	Pier 29 ½ Sprinkler Repairs	TBD	TBD	LDA
5.1	Pier 19 Lead Abatement	$80,500	$0	September 1, 2012
5.2	Pier 19 Demolition of Existing Fences, Trailers and Utilities	$32,000	$77,000	September 1, 2012
5.3	Pier 19 Egress Doors and Lighting	$14,750	$39,250	September 1, 2012
5.4	Pier 19 Restroom Repairs	$17,750	$26,750	September 1, 2012
5.5	Pier 19 Sprinkler Repairs & Fire Safety	$32,000	$0	September 1, 2012

By way of funding strategy for this work, while the grand total of work is approximately $1,000,000, where possible, labor would be conducted by Port maintenance staff, with work funded by the existing operations budget. The Port staff estimates that $545,950 of the work listed above can be resourced in this fashion; correspondingly, the Maintenance Division's Operations budget is listed as a source below.

Proposed Funding Sources – Port Labor

FY 2011-12, 2012-13 Port Maintenance Division Budget – Personnel (Labor)	$545,950

Staff propose all non-Port labor costs be funded as follows:

Proposed Funding Sources – Other

Source	Amount
FY 2011-12 Port Maintenance Division Budget – Materials and Supplies	$140,250
FY 2011-12 Port Maintenance Division Budget – Interdepartmental Work Orders (DPW)	90,000
Department of Homeland Security Grant	17,000
Port Capital Funds programmed for America's Cup venue repairs	250,000

Total Sources **$497,250**

Port staff has requested and received authorization to commence repairs for Piers 23 and 80 from the Executive Director, Monique Moyer. The projects listed above require Port building permits and where contracting is required, contracts through DPW's Job Order Contracts.

PORT OF SAN FRANCISCO

MEMORANDUM

July 5, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation on Orton Development Inc.'s Proposal for the lease and rehabilitation of the 20th Street Historic Buildings within the 69-acre Pier 70 site, located near the intersection of 20th and Illinois Streets.

DIRECTOR'S RECOMMENDATION: Information Only - No Action Required

JULY 2012 PRESENTATION

At the July 10, 2012 Port Commission meeting, Orton Development Inc, ("ODI") will present their project concept for the 20th Street Historic Buildings at Pier 70 for comment and to begin the public review for this project. The next step will be Port Commission consideration of a term sheet for the project with the parameters for a lease to be reviewed by the Port Commission and the Board of Supervisors, later this year.

This project will rehabilitate six buildings encompassing 250,000+ square feet, including the massive Union Iron Works Machine Shop and the Bethlehem Steel office building at 20th Street and Illinois Streets. Exhibit A shows the location of the 20th Street Historic Buildings. These buildings date from the 1880s and are in a dilapidated condition needing seismic and other upgrades to bring to active use. The Port selected ODI after a Request for Proposals ("RFP)" process.

BACKGROUND

In April 2010, the Port published its Preferred Master Plan ("Master Plan") for the 65-acre Pier 70 area after an extensive community planning and technical feasibility analysis effort. The Master Plan provides a vision balancing sustained ship repair, historic preservation, new waterfront parks, and new development for the area roughly bounded by the San Francisco Bay and Mariposa, Illinois, and 22nd Streets. In May

THIS PRINT COVERS CALENDAR ITEM NO. 9B

2010, the Port Commission endorsed the vision, goals, objectives, and design criteria of the Pier 70 Preferred Master Plan and authorized initial implementation actions[1]. Since then, the Port has successfully advanced all three initial implementation actions:

- 20th Street Historic Buildings developer solicitation process to attract private investment, resulting in the selection of ODI.
- A developer solicitation for 25 acres at the eastern edge of Pier 70, primarily for job-focused, office and/or biotech purposes. Following a competitive development solicitation process, on July 8, 2011, the Port Commission approved an exclusive negotiation agreement with Forest City Development California, Inc. for this portion of the Pier 70[2].
- Crane Cove Park, a new park at the northern shore of Pier 70, with an initial phase supported by the 2008 Clean and Safe Neighborhood Parks General Obligation Bond. Staff updated the Port Commission in May 2012 on the status of planning for the park[3] which is scheduled to begin construction in 2013.
- In addition to the actions identified in 2010, on February 28, 2012, the Port Commission authorized investment of $5.7 million to upgrade the electrical systems at the Pier 70 shipyard to reduce emissions and improve air quality[4].

After a competitive RFP process, the Port Commission selected ODI for the 20th Street opportunity on February 28, 2012[5]. On May 17, 2012, the Port entered into an Exclusive Negotiation Agreement ("ENA") with ODI for the lease, rehabilitation, and development of the 20th Street Historic Buildings. The ENA between the Port and ODI specifies a set of performance benchmarks. In June 2012, ODI provided the Port with the following components of its project proposal:

- Community Outreach Plan
- Project Description
- Term Sheet Proposal

The next performance benchmark is a Design Review package to support more detailed evaluation of the proposal, which is due on August 1, 2012.

PROPOSAL

ODI's concept will reuse these historic office and industrial buildings for a range of businesses from light industrial (such as the SFMade industries), tech office, artisan/ artist studios and showrooms, and dining destinations. Exhibit B provides a general overview of the uses proposed by building.

The proposed public/private partnership is structured as a long-term lease with the rehabilitation and operating costs funded by ODI and the Port's future rent reflecting that

[1] http://www.sfport.com/ftp/uploadedfiles/meetings/supporting/2010/Item%2010B%20P70%20RFQ%281%29.pdf
[2] http://www.sfport.com/Modules/ShowDocument.aspx?documentid=1916
[3] http://www.sfport.com/modules/showdocument.aspx?documentid=4170
[4] http://www.sfport.com/modules/showdocument.aspx?documentid=3489
[5] http://www.sfport.com/modules/showdocument.aspx?documentid=3479

private investment. As this project is an intensive repair of existing buildings and fits within the City's vision for the area analyzed in the Eastern Neighborhoods Plan, an expedited review process may be possible that can lead to executing a lease late this year.

This project will provide needed office and industrial space for San Francisco's growth businesses, return to productive use, arguably, the most valuable – and vulnerable – of the Port's historic buildings, and re-activate a desolated area of the waterfront. The Port's objectives for the ODI project are a first-class historic rehabilitation, uses that activate Pier 70, and establishment of a tax base and income stream that can help fund further redevelopment of Pier 70.

PIER 70 HISTORIC DISTRICT CONTEXT

These buildings are central to the future Pier 70 National Register Historic District and will be rehabilitated consistent with the Secretary of the Interior's Standards for the Treatment of Historic Properties. Later this year, the Port will submit Pier 70 for consideration by the State Historical Resources Commission for nomination to the National Register of Historic Places. Listing on the National Register offers this project (and subsequent historic rehabilitation projects at Pier 70) access to Federal Historic Rehabilitation Tax Credits as an economic incentive for investment. The tax credit process includes project design review by both the California State Office of Historic Preservation and the U.S. National Park Service.

NEXT STEPS

Review of this initial project proposal begins a process of defining a project for the 20th Street Historic Buildings. The ODI proposal will evolve through the public review process including changes to the rehabilitation concept, uses, the mix of uses, and/or other fundamental terms. ODI's further due diligence, engineering analysis, and design will refine the extent of building repairs needed as well. Prior to approval of a lease for the project, the Port Commission will review and consider environmental documentation prepared in compliance with the California Environmental Quality Act ("CEQA").

If approved by the Port Commission this Fall, the ODI project will lead the Pier 70 revitalization with occupancy as early as 2013. Subsequent Pier 70 projects will be Crane Cove Park opening in late 2014 and the Forest City 25 acre project at the water's edge. The Port and Forest City are refining the terms of the "Waterfront Site" project which is a substantially larger scale than the ODI project, requires significant infrastructure investment, and new land use approvals to redeploy a largely vacant portion of Pier 70 for new uses in new buildings.

Port staff is working closely with ODI to refine the terms of this exciting project. Our combined efforts will produce a comprehensive term sheet for Port Commission review and approval later this summer.

In addition to this presentation to the Port Commission, ODI has been soliciting community and policymaker perspectives on reuse options for 20th Street, undertaking a

"great listening tour." Staff and ODI will continue ongoing outreach to the Central Waterfront Advisory Group (CWAG), community groups and appropriate regulatory agencies. On July 25, 2012, ODI will present their proposal to the CWAG at a meeting to be held at Pier 70 at the Noonan Building near the terminus of 20th Street and the Bay. Advisory group member and public comment will be reported when this project returns to the Port Commission for the consideration of the business terms.

Prepared by: Kathleen Diohep, Manager, Public/Private Development Projects

For: Byron Rhett, Deputy Director Planning & Development

Exhibit A: Project Location
Exhibit B: ODI Project Proposal

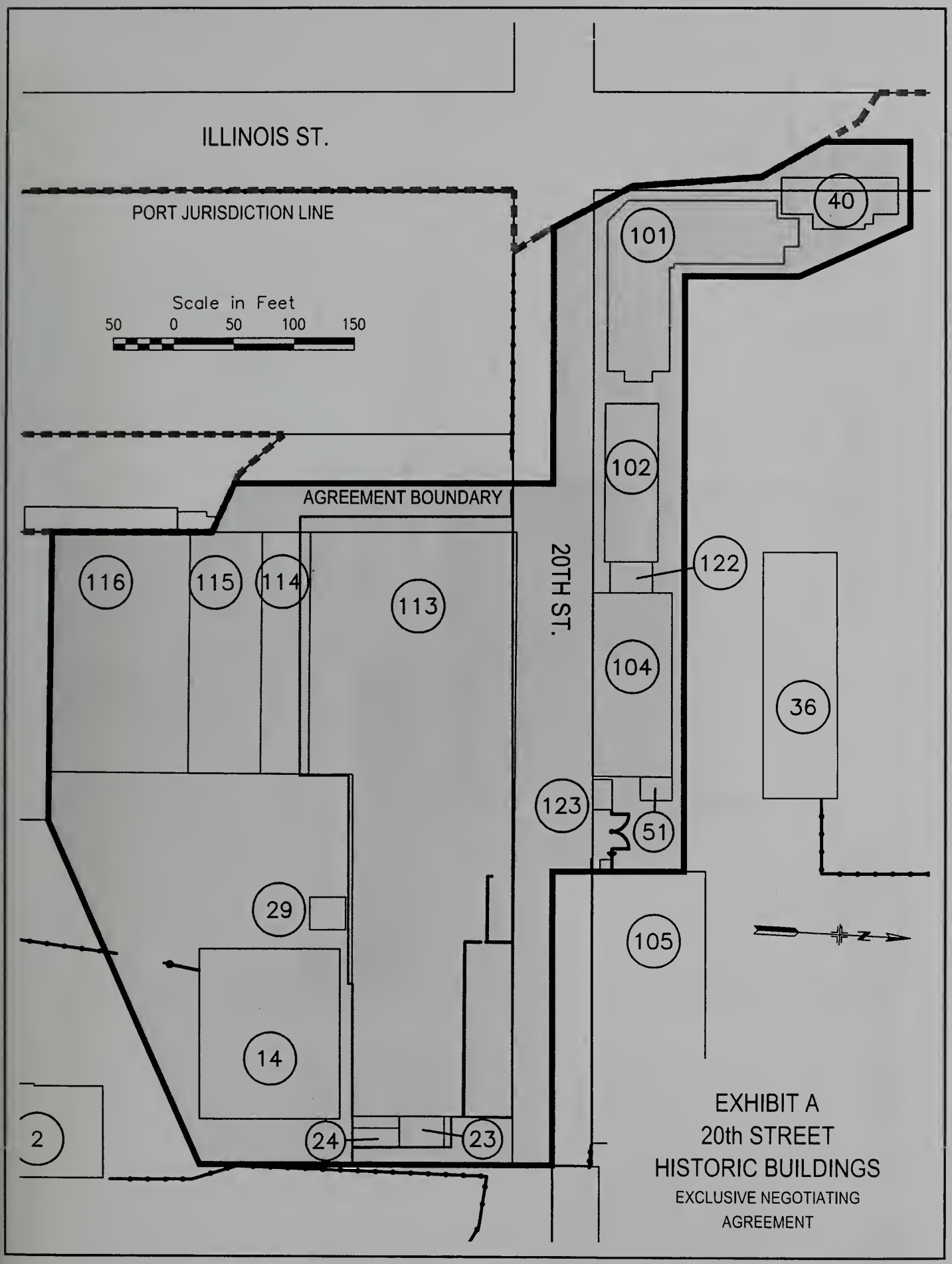
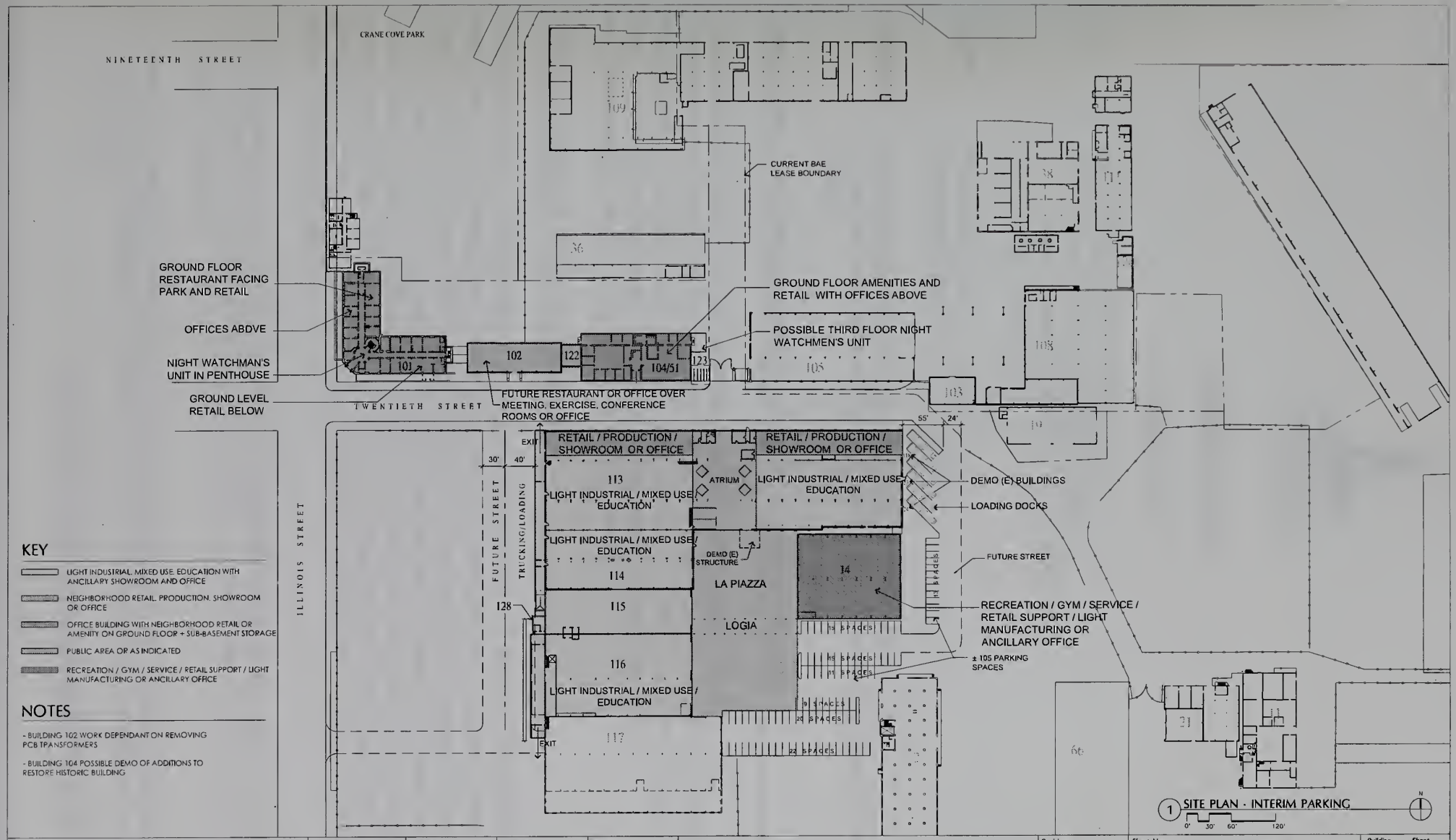


EXHIBIT A
20th STREET
HISTORIC BUILDINGS
EXCLUSIVE NEGOTIATING
AGREEMENT



SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO

Developer: Orton Development, Inc. 1475 Powell Street Emeryville, CA 94608 tel: 510 734 7605

Architect: MARCY WONG DONN LOGAN ARCHITECTS 800 bancroft way #200 berkeley, ca 94710 tel: 510 843 0916 office@wonglogan.com

Consultant:

Stamp:

DRAFT
PIER 70 SAN FRANCISCO
HISTORIC 20TH STREET BUILDINGS

Revisions:

Sheet Name: DRAFT PLAN - PROPOSED USES

Phase: Concept Design
Date: 5 July 2012
By: KR, KS, RM, CC

Building Number: -

Sheet Number: A1.1

PORT OF SAN FRANCISCO

MEMORANDUM

July 5, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director M Moyer

SUBJECT: Request approval of the Fiscal Year 2012-13 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

This item was presented as an informational item at the June 12, 2012 Port Commission meeting and is now before the Port Commission for approval. With the exception of a new item (Color Curb Program on page 9 below) and an increase in the Pier 1 employee parking rate, no changes have been made to the Staff's recommendations since the June 12, 2012 presentation.

MONTHLY RENTAL RATE SCHEDULE

On September 8, 1993, the Port Commission (Resolution No. 93-127, as amended by Resolution 93-135) delegated authority to the Executive Director to approve and execute leases, licenses, and Memorandums of Understanding on behalf of the Port, provided that the terms of these agreements met certain parameters as found in the Port's Leasing Policy. Contained within the 1993 delegated authority is a schedule of minimum rental rates for leases which can be executed by the Executive Director without Port Commission approval. Such delegated authority can only be executed under the following criteria:

1. The agreement is for an office building or bulkhead office space, open or enclosed pier shed space, paved or unpaved open space, or open pier or apron space but is not for a retail use;

2. Except for temporary uses (with terms not exceeding six (6) months), the use under the agreement represents a like-kind use to the existing or the immediate prior use of the facility;

THIS PRINT COVERS CALENDAR ITEM NO. 10A

3. Unless required by the Lease, staff is authorized to consent to assignments and subleases on a form approved by the City Attorney and provided the terms and conditions of the sublease or assignment complies with the terms and conditions of the lease;

4. The tenant executes the Port's standard form agreement with no alterations except for minor changes approved by the City Attorney or changes in insurance requirements approved by the City Risk Manager;

5. The term of the agreement does not exceed five (5) years, except those leases in the Fisherman's Wharf Seafood Center at Pier 45 Sheds B and D may have a maximum lease term of ten (10) years, (Port Resolution No. 94-122; Amended February 28, 2006, by Resolution No. 06-15);

6. Port staff has the authority to issue tenant improvement allowances for floor and wall coverings if those credits do not result in the net rent over the term of the lease to be below the Minimum Net Effective Rental Rates found in the Rental Rate Schedule. Allowances for paint (Amended June 8, 2010 by Resolution 37-10) up to a maximum of $3.50 per square foot, and for floor covering, up to a maximum of $3.50 per square foot, are allowable when: 1) new paint and/or floor covering is necessary in order to lease space in full service office buildings; and 2) Port staff is unable to perform such work prior to the proposed lease commencement date. These allowances are considered "landlord's work." Therefore, such work is not included in calculating the minimum Initial Lease Rental Rates. Port staff recommends increasing the maximum allowance for floor covering to $5.00 per square foot based on current market costs for such work;

7. One month early entry for each year of lease term, up to three months, for the purpose of space preparation (Amended July 14, 2009 by Resolution No. 09-34);

8. Port staff is authorized to offer a 5% discount for land transactions with a minimum premise of 43,560 square feet and a minimum term of 36 months (Amended June 8, 2010 by Resolution 37-10); and

9. Port staff provides a monthly report to the Port Commission indicating Leases, Licenses, Memorandums of Understanding, consents to subleases, and assignments executed pursuant to this policy.

The Port's Leasing Policy provides for an annual update of the Rental Rate Schedule. The Schedule sets ranges of minimum lease/license rental rates per square foot and ranges of minimum net effective rental rates per square foot (if any rent credits are to be provided) by type of use and facility for office, shed and industrial space. The Port Commission last updated the Rental Rate Schedule on July 12, 2011 by Resolution No. 11-46, attached hereto as Exhibit A.

MARKET SUMMARY

The San Francisco office market continued to improve at a steady pace through the first quarter of 2012. The overall San Francisco office market experienced 388,864 square

feet of positive net absorption in the first quarter of 2012. Asking rents strengthened and are on track to grow at a modest pace through 2012. Parallel to the improving Real Estate market, San Francisco's unemployment rate dropped from 9.1 percent in early 2011 to 8.0 percent in the first quarter of 2012.

The demand for space along the waterfront is improving. The Port's current office vacancy rate is about 10.1% (excludes facilities in the America's Cup Host City Agreement) which is lower than the citywide office vacancy rate of approximately 11%. The Port's combined average vacancy rate for office and warehouse is 3.5%. Comparatively, the Port's 1Q 2011 office vacancy rate was 17% and the citywide office vacancy rate was 14.5%.

Port staff has reviewed available commercial data including market comparables of similarly situated properties to that of Port properties, the results of which are included in a table on page 4 of this report: *San Francisco Office Submarket Report 1Q 2012*. Port staff also reviewed Port leasing activity for the prior 12 months included as Exhibit B. This data demonstrates that the Port's current Rental Rate Schedule is generally in line with current market conditions. However, there are some rates, as indicated below, that Port staff recommends changing to better reflect the current market conditions. The Port has contracted with Keyser Marston Associates, a third party consultant, to review the proposed Fiscal Year 2012-13 Monthly Rental Rate Schedule. The report is attached to the staff report.

Port staff continues to have the authority to negotiate higher rates than those found in the Rental Rate Schedule and, conversely, staff has the flexibility to quote rates in the mid-range or lower range of the Rental Rate Schedule when justified, for properties that may be physically sub-standard or oddly configured. In the majority of transactions, Port staff successfully negotiates rates above the Minimum Monthly Rent Parameters.

Office buildings are classified according to a combination of location and physical characteristics. *Class B* and *Class C* buildings are always defined in reference to the qualities of *Class A* buildings. There is no formula for classification but rather buildings are evaluated subjectively.

Class A office space can be characterized as buildings that have excellent location and access, attract high quality tenants, and are managed professionally. Building materials are of high quality and rents are competitive with other new buildings. *Class A* office buildings are usually located in central financial districts with higher-end amenities and lobbies. *Class A* office buildings are usually steel-framed and tall. Current rental rates for *Class A* office space in San Francisco's Financial District average $3.89 per square foot per month or $46.69 annualized. In the submarket of Jackson Square/North Waterfront, rates are $3.33 per square foot per month or $40.00 annualized. The Port does not directly manage any *Class A* office buildings. *(Source: Cushman & Wakefield San Francisco Office 1Q 2012)*

Class B buildings have good (versus excellent) locations, management, construction and tenant standards are high. Buildings should have very little functional obsolescence and deterioration. In practical terms, *Class B* buildings are usually newer, wood-framed buildings or older and/or former *Class A* buildings. *Class B* office buildings are usually

three stories or less. The average San Francisco *Class B* office rents as of 1Q 2012 range from $2.67 to $2.05 per square foot per month or $32 to $24.60 per square foot annualized. *(Source: Cushman & Wakefield San Francisco Office 1Q 2012)* Comparatively, the average Port of San Francisco *Class B* office space for the 1Q 2012 ranges from $2.95 to $2.25 per month or $35.4 to $27 per square foot annualized which is slightly higher than the overall City average. *(Source: Port of San Francisco Lease Activity Exhibit B)*

Class C buildings are typically 15 to 25 years old but are maintaining steady occupancy. A fair number of the *Class C* office spaces in the Port's inventory are not truly office buildings but rather walk-up office spaces above retail or service businesses. The average San Francisco *Class C* office space for the same period shows rental rates averaging $2.66 per square foot per month or $32 per square foot annualized.

In the 1Q of 2012 the average Port of San Francisco *Class C* office space for the same period ranges from $1.75 to $2.57 per square foot per month or $24 to $30.84 per square foot annualized.

The Port's Class C per square foot range is somewhat lower in part due to the variety of geographic locations the office spaces are located. The Port's seven miles of waterfront has some offices near public transportations, close to downtown, and other amenities. Typically these offices are located the northern or central waterfront and therefore command higher rental rate. Conversely, the bulk of the Port's Class C office is located in more remote areas of the waterfront such as the southern water with the rental rates slightly lower. Additionally, Port Class C offices are usually leased on a Triple Net Bases which typically adds $0.75 per square foot in additional expenses to tenants above rental payments.

The majority of Port-managed office spaces primarily fall into the *Class C* category of office space with the exceptions of the Roundhouse Plaza, Pier 9, Pier 26 Annex, Pier 33½, and Pier 35 which are considered *Class B*. Note that the Port's portfolio contains *Class A* space that is managed by Master Tenants and not subject to the Port's Rental Rate Schedule.

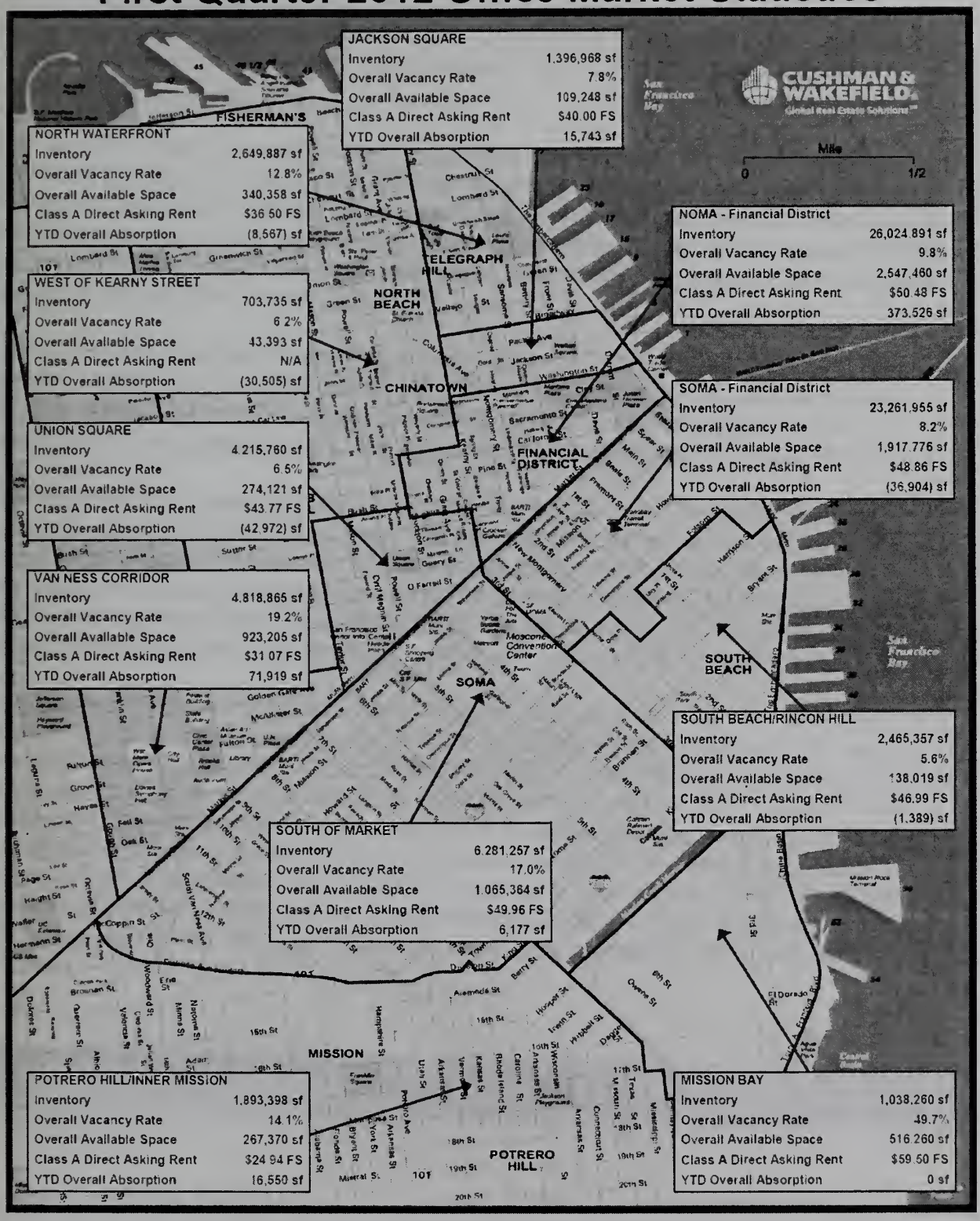
San Francisco Office Submarket Overview 1Q 2012

SAN FRANCISCO, CA

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	DIRECT VACANCY RATE	YTD LEASING ACTIVITY	UNDER CONSTRUCTION	UNDER CONSTRUCTION COMPLETIONS	YTD DIRECT NET ABSORPTION	YTD OVERALL NET ABSORPTION	OVERALL WTD. AVG ALL CLASSES GROSS RENTAL RATE**	DIRECT WTD. AVG. CLASS A GROSS RENTAL RATE**
NOMA Financial District	26,024,891	9.8%	9.2%	650,025	0	0	296,632	373,526	$46.63	$50.48
SOMA Financial District	23,261,955	8.2%	7.4%	1,076,732	597,523	0	(42,651)	(36,904)	$45.22	$48.86
CBD	49,286,846	9.1%	8.3%	1,726,757	597,523	0	253,981	336,622	$46.12	$49.90
Jackson Square	1,396,968	7.8%	7.4%	28,547	0	0	13,948	15,743	$35.02	$40.00
North Waterfront	2,649,887	12.8%	11.3%	18,546	0	0	(3,040)	(8,567)	$30.52	$36.50
South Beach/Rincon Hill	2,465,357	5.6%	4.9%	5,562	63,000	0	15,942	(1,389)	$44.85	$46.99
San Francisco South of Market	6,281,257	17.0%	16.6%	98,950	0	0	23,711	6,177	$49.29	$49.96
West of Kearny Street	703,735	6.2%	5.4%	7,173	0	0	(30,505)	(30,505)	$32.00	N/A
The Presidio	995,955	17.0%	17.0%	25,286	0	0	25,286	25,286	$44.94	$49.92
Union Square	4,215,760	6.5%	5.8%	38,833	0	0	(23,482)	(42,972)	$35.40	$43.77
Van Ness Corridor/ Civic Center	4,818,865	19.2%	19.2%	90,229	0	0	71,919	71,919	$29.84	$31.07
Potrero Hill/Inner Mission	1,893,398	14.1%	13.2%	23,594	0	0	16,550	16,550	$32.01	$24.94
Mission Bay	1,038,260	49.7%	49.7%	0	0	0	0	0	$59.50	$59.50
Non-CBD	26,459,442	14.5%	14.0%	336,720	63,000	0	110,329	52,242	$44.88	$48.41
TOTALS	75,746,288	11.0%	10.3%	2,063,477	660,523	0	364,310	388,864	$45.62	$49.34

* INCLUDES PROPERTIES UNDER EXPANSION OR RENOVATION ** RENTAL RATES REFLECT FULL SERVICE ASKING $PSF/YEAR

San Francisco
First Quarter 2012 Office Market Statistics



INDUSTRIAL AND WAREHOUSE

The Bay Area has approximately 159 million feet of warehouse rental space, which is divided into four primary regions: The East Bay I-80/880 Corridor has the majority of the warehouse rental space, then Santa Clara County and San Mateo County followed by San Francisco which represents approximately 12% of the total Bay Area warehouse rental space.

The San Francisco industrial market consists of three major submarkets: Mission/South of Market (SOMA), 3rd Street Corridor/Potrero Hill and Bayview/India Basin. The combined total building inventory for industrial use in these zones is approximately 19.3 million square feet, more than three quarters of which is located in the Mission/SOMA and 3rd Street Corridor/Potrero Hill areas according to *BT Commercial San Francisco Industrial Report/First Quarter 2012.*

The Port's industrial properties have various levels of improvements including partitions, fencing, electrical service, plumbing, etc. These industrial/warehouse spaces are typically leased under "net" leases with space defined as "gross leasable area." Demand for Port warehouse and industrial space has strengthened through 1Q 2012.

The majority of Port warehouses are categorized as *Class C.* These spaces lack loading docks, attached office space, non-permeable concrete floors, and share a common drive aisle. Despite the limited infrastructure, the Port has been able to negotiate rental rates comparable to those of private landlords. The previous twelve-month average rates have been $0.60 to $0.85 per square foot or $7.20 to $10.20 per square foot annualized. This appears to be in line with current rental market conditions.

The San Francisco industrial and warehouse market-wide vacancy rate stood at 8.75% at the end of the 1Q 2012 compared to 5.4% 1Q 2011. Average asking rents vary by submarket from $0.38 to $0.78 per square foot per month, gross. The current Port rents for warehouse space range from $0.60 to $0.91 per square foot or $7.20 to $10.92 annualized. Despite limited infrastructure of Port warehouse properties, staff has been able to negotiate rates above the San Francisco average. During the prior reporting period, 1Q 2011, the Port's industrial and warehouse vacancy was 6.6%. The Port's current warehouse vacancy rate is 2.3% (excludes facilities in the America's Cup Host City Agreement). The Port's combined average vacancy rate for office and warehouse is 3.5%.

Bay Area • First Quarter 2012

	INVENTORY	SUBLET VACANT	DIRECT VACANT	VACANCY RATE	CURRENT NET ABSORPTION	YTD NET ABSORPTION	UNDER CONSTRUC-TION	AVERAGE ASKING RENT
San Francisco County	[illegible]	[illegible]	1,026,174	5.52%	(62,523)	[illegible]	[illegible]	[illegible]
San Mateo County	13,665,711	[illegible]	[illegible]	9.84%	51,142	[illegible]	[illegible]	[illegible]
East Bay I-80/880 Corridor	[illegible]	841,894	6,114,654	9.82%	224,979	[illegible]	[illegible]	[illegible]
Santa Clara County	32,026,320	377,743	2,267,397	8.26%	266,746	[illegible]	[illegible]	[illegible]
TOTAL	**160,631,106**	**1,588,630**	**12,443,290**	**8.74%**	**480,344**	**480,344**	**0**	**$0.50**

*Warehouse asking rates converted to NNN

The Fiscal Year 2012-13 Monthly Rental Rate Schedule presented for Port Commission review and approval provides two sets of rental rate ranges. The first, entitled *Minimum Initial Lease Rental Rates*, represents the market rent range for the first year of the lease. The second, entitled *Minimum Net Effective Rental Rates*, represents the net effective rent calculated and applied over the lease term after rent credits for flooring and wall coverings are amortized over the term of the lease. The proposed Monthly Rental Rate Schedule for Fiscal Year 2012-13 is attached hereto as Exhibit C.

Port leases, licenses, and Memorandums of Understanding are annually indexed by either the Consumer Price Index (CPI) or fixed rate adjustments currently ranging from 2.5% to 3.5%. The Port may increase the rental rates more frequently with 30-Days written notice if the agreement is on month-to-month status.

PROPOSED CHANGES TO 2012-13 MONTHLY RENTAL RATE SCHEDULE

Port staff proposes changes to the Fiscal Year 2012-13 Monthly Rental Rate Schedule for office and industrial shed space consistent with the market rate review and determination.

The following changes are proposed:

1. The following office properties are currently in high demand and are experiencing limited vacancy rates. Staff recommends revising minimum monthly rents for these locations in recognition of demand, and limited vacancy at these locations.

Office Class C Full Service

Item #	Facility	From Minimum Rate per sq. ft. / month	New Minimum Rate per sq. ft. / month
a)	401 Terry Francois	$2.00	$2.50

Office Class C Net

Item #	Facility	From Minimum Rate per sq. ft. / month	New Minimum Rate per sq. ft. / month
a)	Pier 26 Bulkhead	$1.75	$2.00
b)	Pier 28 Bulkhead	$1.75	$2.00
c)	Pier 50 Bulkhead	$1.75	$2.00
d)	Pier 54	$1.25	$1.45

2. The following Industrial/warehouse shed and land properties generate high demand, Real Estate staff recommends revising minimum monthly rents for these locations:

Pier Shed and Land

Item #	Facility	From Minimum Rate per sq. ft. / month	New Minimum Rate per sq. ft. / month
a)	Piers 33-35	$0.80	$0.85
b)	Pier 23	$0.80	$0.85
c)	Piers 26-28	$0.75	$0.85
d)	Pier 40	$0.00	$0.85
e)	Pier 50	$0.75	$0.85
f)	Pier 54	$0.60	$0.75
g)	Unpaved land	$0.20	$0.22
h)	Paved land	$0.22	$0.25
i)	Improved land	$0.25	$0.30

* New parameter. Pier 40 is now under direct management of the Port of San Francisco

3. The rental rates at Pier 45 Fish Processing Center were last adjusted in 2008. Port staff recommends adjustments in three rate categories to better reflect current market conditions in the fishing industry.

Fishing Industry Pier Shed and Land

Item #	Facility	From Minimum Rate per sq. ft. / month	New Minimum Rate per sq. ft. / month
a)	Fish Gear Storage	$0.22	$0.25
b)	Non-Berth Holders	$0.22	$0.30

(Research sources: Port of San Francisco, Santa Cruz Harbor, Pilar Point Harbor, Spud Point Harbor, Morro Bay Harbor, Crescent City Harbor)

4. Color Curb Program (New Item)

Due to the emerging neighborhoods in the Southern Waterfront, the Port is establishing guidelines and pricing for colored curbs in the Southern Waterfront. Color Curb Zones in the Northern Waterfront and in front of the Ferry Building will continue to be reviewed by the Port on a case-by-case basis.

Tenants and non-tenants whose sidewalks/curbs abut Port property may make a request to have a color zone curb designated, following the color curb guidelines established by the San Francisco Municipal Transportation Agency (SFMTA, www.SFMTA.com).

The Port has a long-standing policy of charging for parking, including curb zones, throughout the waterfront. The Port's methodology for determining the fee for curb zones has been to charge a monthly fee which is equivalent to a rate that the Port would otherwise expect to receive from paid parking had the equivalent curb zone been metered. The proposed curb rates represent amounts which are lower than a fully metered space would be with the expectation that the Port will collect some additional

metered revenues from after hours and special event usage.

White Zones

White Zones are for passenger loading and unloading with a time limit of 5 minutes. The effective time that the white zone is in effect may vary and the Port may meter such zones for metered parking when white zones are not in use. For example, meter rates may apply on evenings and weekends when offices are closed and special events are scheduled. Posted signs and sidewalk stencils can be used to indicate flex times. As a condition of the white zone and in accordance with the rules of the SFMTA the driver must remain with the vehicle at all times with limited exceptions at daycare centers or medical facilities.

Size of zone	Application fee	Set up fee	Monthly Fee	Additional zone
1-22 feet	$0	$200	$265	$265/mo.

Meter charges during flex time will be priced at standard meter rates for the surrounding area and will be posted accordingly.

Yellow Zones

Yellow zones are for active 30 minute freight loading and unloading only by commercial vehicles. Yellow zones are NOT intended for long-term parking of vehicles with commercial license plates. The effective times of yellow zones vary and are indicated by signs on the meter and/or by stencils on the curb. All Yellow Zones will be metered and charged at standard meter rates for the surrounding area and will be posted accordingly.

Size of zone	Application fee	Set up fee	Monthly Fee	Additional zone
20-44 ft.	$0	$300	$0	$0

Blue Zones

Blue Handicap zones are dictated by the Americans with Disabilities Act (ADA) and assigned and installed per ADA guidelines and requirements.

PARKING

The Port operates a number of parking facilities where the Port leases individual parking stalls on a monthly basis (totaling 449 stalls an increase of 92 stalls over the same period in the prior year). The majority of the stall holders are Port tenants. A map is attached as Exhibit D[1] that shows the location of those facilities at which the Port currently offers monthly parking.

On July 7, 2011 by Resolution No. 11-46, the Port Commission approved a new Monthly Parking Stall Rate Schedule. This Monthly Parking Stall Rate Schedule was approved by the Port Commission with the understanding that Port staff would present to the Port Commission, for its review and approval, a revised rate schedule for monthly

parking each fiscal year. Accordingly, staff herein presents this Monthly Parking Stall Rate Schedule for fiscal year 2012-13 for the Port Commission's review as included below.

Since the last parking stall rate review, the parking market has experienced slight improvement. Port staff recently conducted a survey of comparable parking facilities in the vicinity of Port property where the Port rents monthly parking stalls, attached hereto as Exhibit D[2]. The survey determined that the monthly parking stall rates for Port facilities are in line with current market rates. The Port is currently experiencing a 24% (117) parking stall vacancy as of May 1, 2012. The prior fiscal year vacancy was 18%. Due to the increase in Port parking stall vacancies, staff proposes no change to the *Monthly Parking Stall Rate Schedule*. Please note that the parking rates in this report do not include any City parking tax currently 25%, which is paid by the stall holder and remitted to the City Tax Collector.

Proposed Changes to FY 2012-13 Monthly Parking Rate Schedule

Site	Parking Type	Current Rate		Proposed Rate		Increase (Tax Included)
		Rent	Rent & Tax	Rent	Rent & Tax	
Agriculture Bldg	Building Tenant	$316	$395	$316	$395	$0
Pier 9	Shed	$272	$340	$272	$340	$0
	Uncovered	$252	$315	$252	$315	$0
Wharf J3	Commercial Tenant	$252	$315	$252	$315	$0
	Restaurant Tenant	$164	$205	$164	$205	$0
	Fishing Industry Tenant	$60	$75	$60	$75	$0
Pier 45, Shed C	Commercial Tenant	$272	$340	$272	$340	$0
	Restaurant Tenant	$164	$205	$164	$205	$0
	Fishing Industry Tenant	$60	$75	$60	$75	$0
Seawall Lot 302	Commercial Tenant	$268	$335	$268	$335	$0
	Restaurant Tenant	$164	$205	$164	$205	$0
	Sport Fishing Tenant	$96	$120	$96	$120	$0
Seawall Lot 303	Commercial Tenant	$256	$320	$256	$320	$0
	Restaurant Tenant	$164	$205	$164	$205	$0
Seawall Lot 349	Uncovered	$124	$155	$124	$155	$0
Pier 26	Shed	$272	$340	$272	$340	$0
Pier 80	Admin Bldg Uncovered	$32	$40	$32	$40	$0
	Uncovered Truck	$124	$155	$124	$155	$0
Pier 84	Uncovered	$124	$155	$124	$155	$0
Pier 90	Uncovered	$126.4	$158	$126.4	$158	$0
Pier 96	Uncovered	$124	$155	$124	$155	$0

Proposed Changes to the FY 2012-13 Pier 52 Parking Meter Rate Schedule

Site	Type	Current Rate	Proposed Rate	Increase
Pier 52 Boat Launch	Uncovered Parking	$1.50 /hr/vehicle	$1.50 /hr/vehicle	$0
Pier 52 Boat Launch	Uncovered Parking	$5 /4hrs w/ boat trailer	$5 /4hrs w/ boat trailer	$0

The Port makes available parking stalls at cost for its employees' vehicles. The parking lot operator at SWL 324 (Broadway lot) is required to provide 40 parking spaces at SWL 324 for Port employees at no cost to the Port. The Port has converted 25 underutilized metered spaces on Davis Street for Port employee parking similar to that around the City.

Proposed Port Employees Monthly Parking Rate for FY 2012-13

Facility	For	Current Rate		Proposed Rate		Increase (Tax Included)
		Rent	Rent & Tax	Rent	Rent & Tax	
Seawall Lot 351	Port Commissioner, Executive Director	$128	$160	$128	$160	$0
	Employees who have been granted a reasonable accommodation under the Americans with Disabilities Act	$56*	$70*	$57.6*	$74*	$0
Seawall Lot 324	Employees assigned to Pier 1; parking available for one employee vehicle used for commuting	$56*	$70*	$57.6*	$74*	$0
Pier 50 or at jobsite	Employees assigned to Pier 50 or whose collective bargaining agreement allows for free parking; one automobile space for vehicle used by the employee for commuting (no boats, trailers, three-axle vehicles, etc.)	$0	$0	$0	$0	$0

*The rate is equivalent to the cost of a MUNI monthly pass plus $10. It will be adjusted correspondingly to future MUNI monthly pass increases. Current cost of MUNI monthly pass is $64 effective July 1, 2012.

The annualized Monthly Parking Stall revenue is $478,003 as of May 1, 2012, an increase of $87,129 over the same reporting period in 2011.

SPECIAL EVENTS AND FILMING

The Port's seven and half (7.5) miles of waterfront property is a popular venue for special events and filming projects produced each year in the City. Among the most notable special events are *Fleet Week*, *4th of July Celebration and Fireworks, Sunday Streets, New Year's Eve, Giant's Fanfest* and *the Nike Women's Marathon.*

A number of major motion pictures and television series have been produced on Port property including the episodic television series *Alcatraz and* the feature *Contagion.*

The Port is also very popular with advertisers that account for the majority of still photo shoots that occur at the Port. From elegant fashion and auto ads located at Pier 7 to the more urban industrial projects shot in the Southern Waterfront, the Port offers a variety of locations sought after by creative photographers.

In order to standardize film and photography related fees charged for various Port facilities, Port staff has established a Special Event and Filming Fee Schedule. The schedule is reviewed annually to reflect current market conditions and submitted to the Port Commission for re-approval.

There are several recurring Special Events/Uses that have a strong Maritime or community connection to the Port of San Francisco and have customarily been given either a fee waiver or fee reduction by the Port Commission on an ad hoc basis. In order to streamline the administrative process and costs associated with preparing individual Port Commission Agenda Items for each event, staff recommends that the Port Commission approve the recommended fees for these events.

1. Proposed Fee Waiver: *4th of July Celebration; Fleet Week; City's New Year's Eve Celebration* and *Madonna Del Lume.*

2. Ongoing Fee Reductions: *Small Boat Fishing Gear Swap Meet, $300 versus $2,000; and Delancey Street Christmas Tree Lot, $3,528 versus $7,055.*

The methodology for deriving the fees described in the Special Events and Filming Fee Schedule is a combination of market research, continuous dialog with special events promoters and the Port's own experience at negotiating fees. Because of the variety and unique characteristics of Port property, the Port has been able to set fees for special events and filming.

In Fiscal Year 2011-12 special events and filming generated a combined total of $224,294 in revenues to the Port (as of April 2012). Of this amount, special events generated $222,134 and filming $2,160. Much of the film permitting is done by the Film Commission and those fees are retained by them.

PROPOSED FY 2012-13 SPECIAL EVENT AND FILMING RATE SCHEDULE

Port staff recommends no changes to the FY 2012-13 Special Event and Filming Rate Schedule, which is listed on Exhibit E.

RECOMMENDATION

Port staff recommends the Port Commission approve the Fiscal Year 2021-13 Monthly Rental Rate Schedule, Monthly Parking Stall Rates (monthly parking stall schedule in staff report), and Special Event and Filming Rates, attached hereto as Exhibit C and E. Port staff further recommends that these Rate Schedules be effective as of August 1, 2012.

Upon adoption of these Rate Schedules, Port staff will be authorized to enter into leases, licenses, and Memorandum of Understanding without specific Port Commission approval provided that the transaction conforms to all the approved leasing parameters.

Prepared by: Jeffrey A. Bauer, Senior Leasing Manager
For: Susan Reynolds, Director of Real Estate

ATTACHMENTS:

Exhibit A	2011-2012 Minimum Monthly Rental Rate Schedule
Exhibit B	Port of San Francisco Active Office Rental Transactions
Exhibit C	2012-2013 Minimum Monthly Rental Rate Schedule
Exhibit D[1]	Parking Facilities Located in the Vicinity
Exhibit D[2]	Parking Facilities Located in the Vicinity
Exhibit E	2012-2013 Special Events and Filming Fee Schedule
Exhibit F	Office, Bulkhead office and Pier Shed Vacancy Rate

PORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 12-52

WHEREAS, By Resolution No. 93-127, adopted September 8, 1993, and as amended by Resolution 93-135, the Port Commission authorized the Executive Director to approve and execute certain transactional documents such as leases and licenses that conform to all of the parameters set forth in Resolutions No. 93-127 and 93-135; and

WHEREAS, The parameters (including the delegated authorities) in the Resolutions have been revised and updated annually, most recently by Resolution No. 11-46 for the fiscal year 2011-12; and

WHEREAS, Said leasing parameters provide that leases, licenses, and Memorandums of Understanding so approved and executed shall have rents that conform to the Monthly Rental Rate Schedule, Parking Stall Rate Schedule, and Special Event and Filming Rate Schedule as adopted and amended periodically by the Port Commission; and

WHEREAS, Port staff has reviewed current office/industrial-warehouse, parking, and special event and filming market data and has prepared and recommended updated delegated authorities and updated Fiscal Year 2012-13 Monthly Rental Rate Schedule, Monthly Parking Stall Rate Schedule (monthly parking stall rate schedule in staff report), and Special Event and Filming Rate Schedule; and

WHEREAS, Port staff recommends approval of the list of delegated authorities specified in the staff report and the Fiscal Year 2012-13 Monthly Rental Rate Schedule, Parking Rate Schedule, and Special Events and Filming Rate Schedule which would set rental rates for office/industrial space, monthly parking stalls, and special event and filming rates as described in the staff report; and

WHEREAS, Port staff recommends approval of proposed fee waiver for the following special events, 4th of July Celebration, Fleet Week, City's New Year's Eve Celebration, Madonna Del Lume; and

WHEREAS, Port staff further recommends approval of fee reductions for the Small Boat Fishing Gear Swap Meet, and Delancey Street Christmas Tree Lot as described in the staff report; now, therefore be it

RESOLVED, That the Port Commission hereby approves and adopts the delegated authorities and the Fiscal Year 2012-13 Monthly Rental Rate Schedule, Parking Rate Schedule, Special Event and Filming Rate Schedule, and approval of proposed fee waiver and fee reductions for certain special events as described in this Resolution; and be it further

RESOLVED, That Port staff shall continue to provide the Port Commission, within thirty days following each calendar month, a summary of leases, licenses, and Memorandum of Understanding entered into and subleases or assignments consented to during that month.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of July 10, 2012.

_____
Secretary

KEYSER MARSTON ASSOCIATES
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

ADVISORS IN
REAL ESTATE
REDEVELOPMENT
AFFORDABLE HOUSING
ECONOMIC DEVELOPMENT

SAN FRANCISCO
A. JERRY KEYSER
TIMOTHY C. KELLY
KATE EARLE FUNK
DEBBIE M. KERN
REED T. KAWAHARA
DAVID DOEZEMA

LOS ANGELES
KATHLEEN H. HEAD
JAMES A. RABI
GREGORY D. SOO-HOO
KEVIN E. ENGSTROM
JOHN L. ROMLEY

SAN DIEGO
GERALD M. TRIMBLE
PAUL C. MARRA

MEMORANDUM

To: Jeffrey Bauer
Port of San Francisco

From: Keyser Marston Associates, Inc.

Date: June 25, 2012

Subject: Review of 2012-13 Port Minimum Rent Schedule

Introduction & Conclusions

In accordance with your request, Keyser Marston Associates, Inc. (KMA) has undertaken a review of the Port of San Francisco's June 13, 2012 memorandum regarding the "Fiscal Year 2012-13 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates." KMA has been tasked to review the Port's 2012-13 schedule for the purpose of assessing the reasonableness of the rents for office, industrial/warehouse, and parking facilities. Special events and filming rates are not included in KMA's assessment.

As further described in this memorandum, KMA concludes that the minimum office, industrial/warehouse, and parking rates recommended in the Port's 2012-13 schedule are generally reasonable and consistent with overall market trends.

Background & Approach

The Port of San Francisco is a lessor of a wide variety of real property including office space, industrial/warehouse space, parking spaces, paved and unpaved land, and space for special events and filming. The Port annually updates a schedule of minimum rents for a number of the Port's properties. New leases and lease renewals with terms that equal or exceed the minimum parameters contained in the schedule can be approved by the Port's Executive Director. Leases that fall outside the parameters of the schedule must be approved by the Port Commission.

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It is KMA's understanding that the purpose of the rent schedule is to set minimum rents, which are intended to approximate the lower end of market, in order to keep to a reasonable number the leases the Port Commission needs to review and approve while at the same time providing additional assurance that the minimum rents are consistent with the market. Port leasing staff is free to lease properties at the highest rate that it can achieve from a certain tenant, and in fact we understand that the majority of leases are successfully negotiated with rents above the minimums.

In performing this assignment, KMA undertook the following tasks:

- Reviewed the Port's proposed 2012-13 minimum rental rate schedule;
- Assessed changes from the Port's 2011-12 rent schedule;
- Reviewed the current rent roll of Port properties;
- Reviewed and analyzed current rent listings and other market data;
- Discussed the Port's recent leasing activity with Port staff; and
- Performed a "windshield" visual inspection of the Port's properties.

Analysis

A. Office

In general, office market conditions in San Francisco have improved from last year. According to CoStar, a commercial real estate data source, the average quoted rental rate for Class B office properties in the San Francisco Submarket was $33.45/sf/year ($2.79/sf/month) in the 1st Quarter of 2012 vs. $29.30/sf/year ($2.44/sf/month) in the 1st Quarter of 2011, about a 14% improvement. The Class B vacancy rate improved from 16.5% to 12.6% during this same time period. Historical data for Class C properties was not reported by CoStar. The Port of San Francisco does not directly manage any Class A office properties. A review of other third party data sources indicates similar improvement in overall office market conditions.

Port leasing staff has indicated that certain of the Port's office properties have low vacancy rates and are in high demand, and on this basis staff recommends the minimum rents for certain properties be increased from last year (roughly in the range of 12-16% for these properties). Port staff is not recommending any minimum office rent reductions from last year's schedule. Based on a review of Port lease data for specific properties and discussions with Port leasing staff, KMA concurs with the Port's 2012-13 minimum office rent recommendations.

It is noted that among the factors putting downward pressure on the Port's rents is the age and physical condition of many of the Port's facilities as well as the fact that the Port has limited ability to fund up front tenant improvement costs or allowances.

B. Industrial/Warehouse

As with the office market, industrial market conditions in San Francisco have also improved from last year. According to CoStar, the average quoted rental rate of industrial warehouse properties in the San Francisco Submarket was $9.93/sf/year ($0.83/sf/month) in the 1st Quarter of 2012 vs. $9.15/sf/year ($0.76/sf/month) in the 1st Quarter of 2011, about an 8.5% improvement. The overall vacancy rate improved from 5.9% to 5.2% during this same time period. A review of other third party data sources indicates similar improvement in overall industrial/warehouse market conditions.

Port staff has indicated that certain of the Port's industrial and warehouse properties have particularly low vacancy rates and are in high demand and on this basis, Port staff recommends the minimum rents for certain properties be increased from last year (roughly in the range of 6-25% for these properties). Port staff is not recommending any minimum industrial/warehouse rent reductions from last year's schedule. Based on a review of Port lease data for specific properties and discussions with Port leasing staff, KMA concurs with the Port's 2012-13 minimum industrial/warehouse rent recommendations.

C. Parking

In May 2012, Port staff updated its survey of rates for parking facilities in the vicinity of the Port. Overall, Port staff's assessment is that market conditions have improved slightly from the prior year. However due to an increase in the overall parking vacancy rate on Port properties from 18% to 24%, KMA concurs with Port leasing staff's recommendation to keep minimum parking rates unchanged from last year.

Exhibit A

TYPE OF USE & TYPE OF LEASE	MINIMUM CLASS & LOCATION OF FACILITY/SPACE	MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*
INDUSTRIAL SHED USES:			
INDUSTRIAL GROSS LEASES:	NORTHEAST WATERFRONT		
	Pier 9	$1.25 - 1.25	$1.25 - 1.25
	Pier 33 – 35	$0.75 - 0.85	$0.70 - 0.80
	Pier 19	$0.80 - 0.85	$0.75 0.80
	Pier 23	$0.80 - 0.85	$0.75 - 0.80
	Pier 27 & 29	$0.80 - 0.85	$0.75 - 0.80
	Pier 47 shed storage	$0.75 - 1.00	$0.70 - 0.90
	SWL 302 storage	$0.75 - 1.00	$0.65 - 0.75
	SOUTH BEACH/CHINA BASIN		
	Pier 24 Annex	$1.18 1.25	$1.18 1.25
	Piers 26-28	$0.75 - 1.00	$0.75 - 1.00
	Piers 48	$0.85 - 1.10	$0.85 - 1.00
	Pier 50	$0.75 - 1.00	$0.65 - 0.75
	Pier 54 Shed	$0.60 - 0.75	$0.60 - 0.75
	SOUTHERN WATERFRONT		
	SWLs 343 & 354	$0.75 - 0.85	$0.80 - 0.75
	SWL 345	$0.75 - 1.00	$0.70 - 0.80
	Facility 6019	$0.55 - 0.55	$0.55 - 0.55
	Pier 80	$0.75 - 0.85	$0.80 - 0.75
	Pier 92 & SWLs 344 & 349	$0.75 - 0.85	$0.80 - 0.75
	Pier 96 M & R	$0.75 - 0.85	$0.80 - 0.75
OPEN LAND AND PIER SPACE USES:			
INDUSTRIAL GROSS LEASES: "PORT STANDARD NET LEASE"	UNPAVED LAND	$0.20 - 0.25	$0.18 - 0.20
	PAVED LAND	$0.22 - 0.25	$0.20 - 0.23
	IMPROVED LAND	$0.25 - 0.30	$0.22 - 0.28
	SUBMERGED LAND	$0.11 - 0.15	$0.10 - 0.14
	Aprons	$0.22 - 0.25	$0.22 - 0.25

Exhibit A

2011-12 MINIMUM MONTHLY RENTAL RATE SCHEDULE+

TYPE OF USE & TYPE OF LEASE	CLASS & LOCATION OF FACILITY/SPACE	MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*
OFFICE SPACE USES:			
FULL SERVICE GROSS LEASES:	CLASS B		
	Roundhouse Plaza	$2.25 - 2.75	$2.00 - 2.50
	CLASS C		
	Agriculture Building		
	Window Office	$2.30 - 2.55	$2.20 - 2.35
	Interior Office	$1.50 - 2.00	$0.98 - 1.48
	401 Terry Francois	$2.00 - 2.40	$1.75 - 2.00
NET LEASES:	CLASS B		
	Pier 9 Bulkhead Bldg.	$2.50 - 2.75	$2.30 - 2.60
	Pier 9 Pier Offices	$2.25 - 2.50	$2.30 - 2.60
	Pier 26 Annex Bldg.	$2.50 - 2.90	$2.40 - 2.90
	Pier 33 ½ North	$2.50 - 3.00	$2.25 - 2.75
	Pier 35 Bulkhead Bldg.	$2.50 - 2.75	$2.25 - 2.50
	CLASS C		
	Pier 9 Studio/office	$1.75 - 2.00	$1.50 - 1.75
	Piers 23 Bulkhead Bldgs.	$1.25 - 2.00	$1.00 - 1.75
	Pier 27 Admin. Bldg.	$1.35 - 1.60	$1.35 - 1.44
	Pier 29 Annex Bldg.	$1.35 - 1.60	$1.35 - 1.44
	Pier 33 ½	$1.75 - 2.25	$1.50 - 2.00
	Pier 35 Interior office	$1.75 - 2.00	$1.50 - 1.75
	490 Jefferson St.	$1.25 - 1.50	$1.10 - 1.25
	Piers 26 Bulkhead Bldg.	$1.75 - 2.00	$1.50 - 1.75
	Pier 28 Bulkhead Bldg.	$1.75 - 2.00	$1.25 - 1.75
	Piers 50 Bulkhead Bldg.	$1.75 - 2.00	$1.55 - 1.75
	Pier 54 Office	$1.25 1.50	$1.00 1.25
	Pier 70, Building 11	$1.10 - 1.25	$1.00 - 1.20
	671 Illinois Street	$1.00 - 1.10	$0.80 - 1.00
	501 Cesar Chavez	$1.25 - 1.50	$1.10 - 1.25
	601 Cesar Chavez	$1.00 - 1.25	$0.90 - 1.05
	696 Amador	$1.25 - 1.50	$1.00 - 1.40
	Pier 96 Admin. Bldg.	$1.25 - 1.40	$01.00 - 1.25
	Pier 96 Gate House Bldg.	$1.10 - 1.25	$0.75 - 1.00
OFFICE STORAGE	All Facilities	$1.00 - 1.00	$1.00 - 1.00

Exhibit A

MINIMUM TYPE OF USE & TYPE OF LEASE	MINIMUM CLASS & LOCATION OF FACILITY/SPACE	INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*
FISHING INDUSTRY USES:			
INDUSTRIAL GROSS LEASES:	FISH WHOLESALING & PROCESSING SPACE		
	Improved Fish Processing Space		
	Pier 45 Sheds	$0.80 - 0.90	$0.75 - 0.85
	Second floor warehouse	$0.40 - 0.45	$0.35 - 0.40
	Pier 45 Office 1st fl office	$1.10 - 1.50	$1.05 - 1.25
	Pier 45 2nd fl mezz	$0.85 - 1.25	$0.75 - 1.00
	Sheds		
	Pier 33	$0.85 - 0.90	$0.80 - 0.85
	699 Illinois	$0.80 - 0.85	$0.75 - 0.85
	Aprons	$0.22 - 0.22	$0.22 - 0.22
LICENSES:	FISHING GEAR STORAGE	$0.22 - 0.22	$0.22 - 0.22

+ The range in rental rates is provided as an example of the minimum rental rates for different space in the building (ie. higher rates for higher floors). It is not, and should not be construed as, a cap or maximum rental rate for such space.

* Minimum Net Effective Rents are rents that reflect the application of rent credits for new paint and carpet. The Minimum Net Effective Rates reflect the amortization of rent credits provided by Port over the term of the lease.

Port of San Francisco

Active Office Rental Transactions

EXHIBIT B

Company Name	Contract #	Eff Date	Exp Date	Lshld Type	Sq Ft	Rate/SF
Ferry Plaza						
Ayer Media, Inc.	L-15073	1-Jan-12	31-Dec-13	OFFICE-FS	1,343	2.40
Benetti, Timothy C.	L-14979	1-Apr-12	31-Mar-15	OFFICE-FS	78	2.00
Buchdrucker, Elliott D.	L-15014	1-Aug-11	31-Jul-12	OFFICE-FS	1,025	2.30
Diamond Freight System, Inc.	15065	10-Jun-11	31-Oct-13	OFFICE-FS	681	2.00
Hog Island Oyster Company, Inc.	L-15089	1-Feb-12	31-Jan-15	OFFICE-FS	172	1.50
Nematode Holdings, LLC	L-15090	14-Feb-12	1-Mar-15	OFFICE-FS	197	1.35
Nematode Holdings, LLC	L-15090	14-Feb-12	1-Mar-15	OFFICE-FS	269	2.68
Overstreet Associates, Inc.	L-15050	1-Oct-11	30-Sep-14	OFFICE-FS	239	2.57
WWC Services of San Francisco, Inc.	L-15101	9-Feb-12	30-Mar-14	OFFICE-FS	146	1.25
WWC Services of San Francisco, Inc.	L-15101	9-Feb-12	30-Mar-14	OFFICE-FS	213	1.25
				Average Monthly Rate		**1.93**
Jack Scott & Associates Construction, Inc	L-15086	26-Jan-12	24-Jun-15	OFFICE-NET	2,997	1.25
Jack Scott & Associates Construction, Inc	L-15086	26-Jan-12	24-Jun-15	OFFICE-NET	2,997	1.25
Robert W. Poyas, Inc.	L-14928	24-May-11	31-May-12	OFFICE-NET	148	1.25
Robert W. Poyas, Inc.	L-14928	24-May-11	31-May-12	OFFICE-NET	273	1.25
				Average Monthly Rate		**1.25**
Northeastern Waterfront						
Aclima, Inc.	L-14990	1-Jun-11	31-May-12	OFFICE-FS	1,410	2.25
Cheng, Claudine	L-15027	1-Sep-11	31-Aug-12	OFFICE-FS	99	2.85
Hill & Company, Inc.	L-15006	1-Sep-11	31-Aug-14	OFFICE-FS	1,106	2.55
Leary & Associates, Inc.	L-15028	1-Sep-11	31-Aug-14	OFFICE-FS	296	2.65

Leary & Associates, Inc.	L-15028	1-Sep-11	31-Aug-14	OFFICE-FS	140	1.30
Warwick Properties Group, Inc	L-15034	10-Oct-11	9-Oct-14	OFFICE-FS	615	2.45
				Average Monthly Rate		**2.34**
Good Tidings Foundation	L-14994	1-Jul-11	30-Jun-16	OFFICE-NET	1,705	1.25
Good Tidings Foundation	L-14994	1-Jul-11	30-Jun-16	OFFICE-NET	760	1.75
Lab Zero Innovations, Inc	L-15052	1-Oct-11	30-Sep-12	OFFICE-NET	2,479	2.50
SF Bay Area Water Emergncy Transprtn Authorty	L-15055	1-Dec-11	30-Nov-16	OFFICE-NET	5,562	2.95
				Average Monthly Rate		**2.11**

South Beach and China Basin

Premier Structures	L-15016	22-Aug-11	30-Nov-14	OFFICE-FS	397	1.75
				Average Monthly Rate		**1.75**
Premier Structures	L-15016	22-Aug-11	30-Nov-14	OFFICE-NET	1,320	1.75
				Average Monthly Rate		**1.75**

Southern Waterfront

NTK Construction, Inc.	L-15026	1-Sep-11	31-Aug-12	OFFICE-FS	2,882	1.25
Watertight Restoration, Inc.	L-15000	1-Jul-11	31-Jul-12	OFFICE-FS	263	1.25
				Average Monthly Rate		**1.25**
Zaccor Companies, Inc.	L-14998	1-Jul-11	30-Jun-16	OFFICE-NET	223	1.25
				Average Monthly Rate		**1.25**

Port of San Francisco

Active Warehouse Rental Transactions

EXHIBIT B

Company Name	Contract #	Eff Date	Exp Date	Facility	Sq Ft	Rate/SF
Ferry Plaza						
A.S.F. Electric	L-15109	1-May-12	30-Jul-15	1500	550	0.75
A.S.F. Electric	L-15109	1-May-12	30-Jul-15	1500	840	0.75
Avi Corporation	L-15081	1-Mar-12	28-Feb-13	1500	890	0.80
CB2 Builders, Inc.	L-15056	1-Jan-12	31-Dec-14	1500	1,667	0.80
Chinese Chamber of Commerce	L-15062	1-Dec-11	30-Nov-12	1540	4,030	0.60
Chinese Chamber of Commerce	L-15062	1-Dec-11	30-Nov-12	1540	2,310	0.60
Dawson-Clinton General Contractors, Inc.	L-15031	1-Sep-11	30-Jun-16	1500	1,667	0.85
Diamond Freight System, Inc.	15065	10-Jun-11	31-Oct-13	1500	2,464	0.84
Diamond Freight System, Inc.	15065	10-Jun-11	31-Oct-13	1500	1,642	0.84
Diamond Freight System, Inc.	15065	10-Jun-11	31-Oct-13	1500	1,642	0.84
Huckleberry Investment Corporation	L-15103	1-Mar-12	28-Feb-14	1500	1,506	0.80
Jack Scott & Associates Construction, Inc	L-15086	26-Jan-12	24-Jun-15	1540	2,985	0.60
Jack Scott & Associates Construction, Inc	L-15086	26-Jan-12	24-Jun-15	1540	2,985	0.60
Jack Scott & Associates Construction, Inc	L-15086	26-Jan-12	24-Jun-15	1540	-	0.75
Maritol Enterprises, LLC	L-14984	1-Jun-11	30-May-13	1500	1,748	0.75
Overstreet Associates, Inc.	L-15050	1-Oct-11	30-Sep-14	1500	1,548	0.76
Portco, Inc	L-15057	1-Dec-11	30-Nov-14	1500	1,916	0.75
Robert W. Poyas, Inc.	L-14928	24-May-11	31-May-12	1540	1,635	0.75
Robert W. Poyas, Inc.	L-14928	24-May-11	31-May-12	1540	119	0.75
SFCC Police Department	M-15069	1-Dec-11	30-Nov-14	1500	4,264	0.75
Shelterbelt Builders, Inc	L-15051	1-Oct-11	30-Sep-14	1500	3,416	0.75
Trish's Dishes, Inc.	L-15013	1-Sep-11	31-Aug-14	1500	1,219	0.80
Waterloo Beverages, LLC	L-15064	1-Jan-12	31-Dec-14	1500	1,640	0.85
					Average Monthly Rate	**0.75**

Fisherman's Wharf

Aloha Seafood Inc.	L-15080	15-Jan-12	14-Jan-17	1450	3,872	0.82
Johnson, Paul	L-14956	1-Nov-11	31-Oct-14	1330	5,290	0.75
Johnson, Paul	L-14956	1-Nov-11	31-Oct-14	1330	3,690	0.75
					Average Monthly Rate	**0.77**

Northeastern Waterfront

American Scooter & Cycle Rental, Inc.	15076	1-Jan-12	31-Dec-14	1295	2,126	0.77
					Average Monthly Rate	**0.77**

South Beach China Basin

SFCC Dept. of Elections	M-14989	1-Jan-12	31-Dec-15	1480	86,954	0.86
					Average Monthly Rate	**0.86**

Southern Waterfront

Project Frog, Inc.	L-15060	15-Nov-11	14-Feb-12	1800	7,071	0.75
TEC Equipment	L-14897	1-Dec-11	30-Nov-16	1800	11,525	0.75
Watertight Restoration, Inc.	L-15119	26-Apr-12	25-Apr-14	1800	1,916	0.75
Zaccor Companies, Inc.	L-14998	1-Jul-11	30-Jun-16	1960	4,795	0.75
Zaccor Companies, Inc.	L-14998	1-Jul-11	30-Jun-16	1960	1,080	0.75
					Average Monthly Rate	**0.75**

Exhibit C

2012-13 MININUM MONTHLY RENTAL RATE SCHEDULE+

TYPE OF USE & TYPE OF LEASE	CLASS & LOCATION OF FACILITY/SPACE	MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*
OFFICE SPACE USES:			
FULL SERVICE GROSS LEASES:	CLASS B		
	Roundhouse Plaza	$2.25 - 2.75	$2.00 - $2.50
	CLASS C		
	Agriculture Building		
	Window Office	$2.30 - 2.55	$2.20 - $2.35
	Interior Office	$1.50 - 2.00	$0.98 - $1.48
	401 Terry Francois	$2.50 - 2.70	$2.20 - $2.50
NET LEASES:	CLASS B		
	Pier 9 Bulkhead Bldg.	$2.50 - 2.75	$2.30 - $2.60
	Pier 9 Pier Offices	$2.25 - 2.50	$2.20 - $2.20
	Pier 26 Annex Bldg.	$2.50 - 2.90	$2.40 - $2.90
	Pier 33 ½ North	$2.50 - 3.00	$2.25 - $2.75
	Pier 35 Bulkhead Bldg.	$2.50 - 2.75	$1.75 $2.25
	CLASS C		
	Pier 9 Studio/office	$1.75 - 2.00	$1.50 - $1.75
	Piers 23 Bulkhead Bldgs.	$1.25 - 2.00	$1.00 - $1.75
	Pier 29 Annex Bldg.	$1.35 - 1.60	$1.35 - $1.44
	Pier 35 Interior office	$1.75 - 2.00	$1.50 - $1.75
	490 Jefferson St.	$1.25 - 1.50	$1.10 - $1.25
	Piers 26 Bulkhead Bldg.	$2.00 - 2.25 -	$1.75 $1.50
	Pier 28 Bulkhead Bldg.	$2.00 - 2.25	$1.25 - $1.75
	Piers 50 Bulkhead Bldg.	$2.00 - 2.25	$1.55 - $1.75
	Pier 54 Office	$1.45 . 1.60	$1.20 $1.40
	Pier 70, Building 11	$1.10 - 1.25	$1.00 - $1.20
	671 Illinois Street	$1.00 - 1.10	$0.80 - $1.00
	501 Cesar Chavez	$1.25 - 1.50	$1.10 - $1.25
	601 Cesar Chavez	$1.00 - 1.25	$0.90 - $1.05
	696 Amador	$1.25 - 1.50	$1.00 - $1.40
	Pier 96 Admin. Bldg.	$1.25 - 1.40	$1.00 - $1.25
	Pier 96 Gate House Bldg.	$1.10 - 1.25	$0.75 - $1.00
OFFICE STORAGE	All Facilities	$1.00 - 1.00	$1.00 - $1.00

Exhibit C

TYPE OF USE & TYPE OF LEASE	MINIMUM CLASS & LOCATION OF FACILITY/SPACE	MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*
INDUSTRIAL SHED USES:			
INDUSTRIAL GROSS LEASES:	NORTHEAST WATERFRONT		
	Pier 9	$1.25 - 1.25	$1.25 - $1.25
	Pier 33 – 35	$0.85 -0.95	$0.70 - $0.80
	Pier 19	$0.85 - 0.95	$0.75 $ 0.80
	Pier 23	$0.85 - 0.95	$0.75 - $0.80
	Pier 47 shed storage	$0.75 - 1.00	$0.70 - $0.90
	SWL 302 storage	$0.75 - 1.00	$0.65 - $0.75
	SOUTH BEACH/CHINA BASIN		
	Pier 24 Annex	$1.18 1.25	$1.18 $1.25
	Piers 26-28-40	$0.85 - 1.00	$0.75 - $1.00
	Piers 48	$0.90 - 1.10	$0.85 - $1.00
	Pier 50	$0.85 - 1.00	$0.65 - $0.75
	Pier 54 Shed	$0..75 - 0.75	$0.60 - $0.70
	SOUTHERN WATERFRONT		
	SWLs 343 & 354	$0.75 - 0.85	$0.80 - $0.75
	SWL 345	$0.75 - 1.00	$0.70 - $0.80
	Facility 6019	$0.55 - 0.55	$0.55 - $0.55
	Pier 80	$0.75 - 0.85	$0.80 - $0.75
	Pier 92 & SWLs 344 & 349	$0.75 - 0.85	$0.80 - $0.75
	Pier 96 M & R	$0.75 - 0.85	$0.80 - $0.75
OPEN LAND AND PIER SPACE USES:			
INDUSTRIAL GROSS LEASES: "PORT STANDARD NET LEASE"	UNPAVED LAND	$0.22 - 0.25	$0.18 - $0.20
	PAVED LAND	$0.25 - 0.25	$0.20 - $0.23
	IMPROVED LAND	$0.30 - 0.30	$0.22 - $0.28
	SUBMERGED LAND	$0.11 - 0.15	$0.10 - $0.14
	Aprons	$0.25 - 0.25	$0.22 - $0.25

Exhibit C

MINIMUM TYPE OF USE & TYPE OF LEASE	MINIMUM CLASS & LOCATION OF FACILITY/SPACE	INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*
FISHING INDUSTRY USES:			
INDUSTRIAL GROSS LEASES:	FISH WHOLESALING & PROCESSING SPACE		
	Improved Fish Processing Space		
	Pier 45 Sheds	$0.80 - 0.90	$0.75 - $0.85
	Second floor warehouse	$0.40 - 0.45	$0.35 - $0.40
	Pier 45 Office 1st fl office	$1.10 - 1.50	$1.05 - $1.25
	Pier 45 2nd fl mezz	$0.85 - 1.25	$0.75 - $1.00
	Sheds		
	Pier 33	$0.85 - 0.90	$0.80 - $0.85
	699 Illinois	$0.80 - 01.25	$0.75 - $0.85
	Aprons	$0.22 - 0.22	$0.22 - $0.22
LICENSES:	FISHING GEAR STORAGE	$0.25 -0.30	$0.22 - $0.22
	NON-BERTH HOLDERS	$0.30- 0.45	$0.30- $0.45

+ The range in rental rates is provided as an example of the minimum rental rates for different space in the building (ie. higher rates for higher floors). It is not, and should not be construed as, a cap or maximum rental rate for such space.

* Minimum Net Effective Rents are rents that reflect the application of rent credits for new paint and carpet. The Minimum Net Effective Rates reflect the amortization of rent credits provided by Port over the term of the lease.

PARKING RATES SURVEY
As of May 18, 2012

	Location	Operator	Phone #	Monthly Parking						Daily Parking	Hourly Parking	Covered / Uncovered
				Reserved	Non-reserved	Vac-ancy	In/Out Privilege	Days / Week	Hour			
1	Beach & Hyde Garage 655 Beach / Leavenworth & Hyde	Propark America	673-1735	--	$225 $175	No No	Yes Yes	7 days M-F	24 hrs	$32 /12 hrs; $35 /24 hrs	$2.25 /20 mins	Covered
2	Anchorage Shopping Center Garage 500 Beach / Jones & Leavenworth	Ace Parking	673-7762	$275	$170	Yes	Yes	7 days	24 hrs	$32 $8 M-F, in before 9am, out by 6pm	$8 /hr	Covered
3	Fisherman's Wharf Parking 273 Jefferson / Beach & Jones	Wharf Properties, Inc	885-4884	--	--	--	--	--	--	$8.25 M-F before 10am, $17.75 M-F 10am-3pm, $24-$28 S-S	$3.5 /30 mins	Uncovered
4	401 Beach / Jones & Taylor	Nunzio Corp		--	--	--	--	--	--	$10 M-Th $15 F-S	--	Uncovered
5	Wharf Garage 350 Beach / Taylor & Mason	Imperial Parking	227-0114	--	$150 $120	Yes Yes	Yes Yes	7 days 7 days	24 hrs 7am-7pm	$12 max after 3 hrs exp. 11:59pm $15 daily S-S; $8 in before 9am M-F	$4 /hr	Covered
6	Longshoremen's Hall Parking Lot North Point / Mason & Taylor	City Park	495-3909	--	$175	Yes	Yes	7 days	6am-12am	$10-15 M-F 6am-12am $15-20 S-S 6am-12am	--	Uncovered
7	Cost Plus Plaza Parking Garage 455 North Point / Taylor	City Park	441-6932	--	$165	Yes	Yes	7 days	8am-9pm	$15 for 12 hrs, $35 overnight	$2 /30 mins	Covered
8	North Point Center Garage 350 Bay / Powell & Mason	Imperial Parking	227-0114	--	$170 $145	Yes Yes	Yes Yes	7 days M-F	24 hrs	$30 M-F $35 S-S	$6 /hr M-F	Covered & Uncovered
9	Triangle Parking Lot 2860 Taylor / Jefferson	Central Parking	277-0400	--	--	--	--	--	--	$33 8am-12am, add $15 overnight	$3 /20 mins	Uncovered
10	Pier 39 Garage Embarcadero / Stockton	Ampco System	705-5418	--	$195 tenants only	Yes	Yes	7 days	24 hrs	$35	$7 /hr	Covered
11	2300 Stockton & Grant	Liberty Parking Mgmt	650-342-3010	--	$250	Yes	Yes	7 days	24 hrs	$10 or more for 12 hrs	--	Covered
12	C Garage 2210 Stockton / Bay & Northpoint	Imperial Parking	227-0114	--	$170 $150	No No	Yes Yes	7 days M-F	24 hrs 6am-11pm	$12 max exp 10:59pm M-F; $10 in by 10am $15 S-S up to 11am; $18 after 11am S-S	--	Covered
13	Bay / Embarcadero & Kearny	Central Parking	277-0400	--	$225	Yes	Yes	7 days	24 hrs	M-F: $30 all day, $12 in by 9am, $12 after 5pm S-S: $35 all day, $10 after 5pm	$5 /30 mins M-F	Uncovered
14	80 Francisco Garage	City Park	398-4162	$300	$250	No	Yes	7 days	24 hrs	$15 out by 9pm $13 M-F, in by 9am, out by 7pm	$2.50 /20 mins	Covered
15	55 Francisco Garage	Ace Parking	398-0208	$250	$225	Yes	Yes	7 days	24 hrs	M-F: $15 in after 9am, $12 in before 9am S-S: $10	$2 /20 mins	Covered
16	Levy Plaza Garage Sansome / Greenwich	Ampco System	981-8213	$400 $350	-- $325	Yes Yes	Yes Yes	7 days M-F	24 hrs 6am-10pm	$20 for 12 hrs, $25 for 24 hrs, $17 in by 9am & out by 7pm	$3 /20 mins	Covered
17	Pier 29-1/2 and Pier 27/29 Valley	Priority Parking	777-4042	$375	$260	Yes	Yes	7 days	24 hrs	$15 before 8am; $20 after 8am; $10 after 4pm	--	Uncovered
18	425 Broadway	Priority Parking	777-4042	$400	$350	Yes	Yes	7 days	6am-10pm	$13 i9n before 10am	$2.50 /20 mins	Uncovered
19	SWL 321 Green / Front / Embarcadero	Priority Parking	777-4042	$400	$350	Yes	Yes	7 days	24 hrs	$13 in by 11am, $15 11am-4pm, $25 24hrs, $10 after 4pm & wknd	--	Uncovered
20	SWL 322-1 Front / Broadway & Vallejo	Priority Parking	777-4042	$375	$300	Yes	Yes	7 days	24 hrs	$13 in by 8am, $15 8am-11am, $18 11am-4pm, $10 after 4pm, $8 wknd, $16 24 hrs wknd	--	Uncovered
21	SWL 323 Davis / Vallejo / Embarcadero	Priority Parking	777-4042	$375	$300	Yes	Yes	7 days	24 hrs	$17 before 10am, $20 10am-4pm, $10 after 4pm & wknd, $20 24hrs wknd	--	Uncovered
22	SWL 324 Davis / Broadway / Embarcadero	Priority Parking	777-4042	$375	$300	Yes	Yes	7days	24 hrs	$17 before 10am, $20 10am-4pm, $10 after 4pm & wknd, $20 24hrs wknd	--	Uncovered
23	Davis / Broadway & Valejo	West Coast Parking	408-592-3051	--	$275	No	Yes	7 days	7am-6pm	$15 M-F no in/out privilege $8 after 56m & S-S	--	Uncovered

PARKING RATES SURVEY
As of May 18, 2012

	Location	Operator	Phone #	Monthly Parking						Daily Parking	Hourly Parking	Covered / Uncovered
				Reserved	Non-reserved	Vac-ancy	In/Out Privilege	Days / Week	Hour			
24	847 Front Street Front / Broadway & Vallejo	Pacific Park Mgmt	398-0428	--	$300	No	Yes	M-F	6am-8pm	$15	--	Covered
25	750 Front / Broadway & Pacific	City Park	399-9783	--	$300 $350	No No	Yes Yes	M-F 7 days	24 hrs	$20 in after 9am, all day $16 in before 9am & out by 7pm	$2.50 /20 mins	Covered
26	750 Battery Parking Garage Broadway / Battery & Front	Ampco System	956-8148	--	$320	Yes	Yes	M-F	7am-7pm	$18 in after 9:30am $15 in before 9:30am & out by 7pm	$2.50 /20 mins	Covered
27	900 Sansome / Broadway	Liberty Parking	650-342-3010	--	$280	Yes	Yes	M-F	6am-9pm	$18 M-F all day $14 M-F in by 11am & out by 9pm	--	Covered
28	955 Sansome / Broadway & Vallejo	Bay Parking	823-1066	--	$280	Yes	Yes	7 days	24 hrs	$18 in after 10:30am $14 in before 10am	$5 /30 mins	Covered/ Uncovered
29	825 Sansome / Pacific & Broadway	Priority Parking	777-4042	--	$340	Yes	Yes	M-F	6am-10pm	$20 all day $16 in by 11am & out by 3pm	$5 /20mins	Covered
30	350 Pacific / Battery & Sansome	American West	596-8743	--	$280	No	Yes	7 days	24 hrs	$18 daily; $10 in by 11am	--	Uncovered
31	768 Sansome / Pacific & Jackson	California Parking	468-4860	--	$395.50 $345.50	Yes Yes	Yes No	7 days	24 hrs	$24 9:30am-7pm, $18 in before 9:30am & out after 4pm	$2.50 /20 mins	Uncovered
32	Golden Gateway Garage 250 Clay / Battery & Front	Five Star Parking	433-4722	$500	$390	Yes	Yes	7 days	24 hrs	$36 after 8:30am $20 in before 8:30am	$7 /hr	Covered
33	Embarcadero Center Garage Building 1, 2, 3 & 4	Ampco System	772-0670	$675	$410	Yes	Yes	7 days	24 hrs	$32, out by 12am	$3 /15 mins M-F $3 /hr S-S	Covered
34	Hornblower Yachts Parking Lot Pier 3	Hornblower Yachts	788-8866	--	$325	Yes	Yes	M-F	6am-12am	$20 8am-12am $17 in before 8am, out by 6pm	$5 /hr	Uncovered
35	Ferry Bldg Investors Parking Lot SWL 351	Ace Parking		--	--	--	--	--	--	$50	$6.50 /hr	Uncovered
36	1 Market Garage Market / Spear	Ace Parking	777-2292	$600	$495	No	Yes	7 days	24 hrs	$44 6am-7pm	$12 /hr	Covered
37	Rincon Center Garage 121 Spear St / Mission & Howard	Standard Parking	882-9468	$600	$375	Yes	Yes	M-F	6am-9pm	$29.50 M-F, $10 after 5pm $10 S-S	$6 /30 mins	Covered
38	75 Howard Garage Howard / Steuart & Spear	Ace Parking	543-2214	$465	$375	Yes	Yes	7 days	24 hrs	$29.50 in after 9am, out before 11pm $21 in before 9am, out by 6pm	$12 /hr	Covered
39	Bayside Lot 1 Bryant St / Embarcadero & Beale	Imperial Parking	227-0114	--	$200	Yes	Yes	7 days	24 hrs	$13 max exp 11:59pm; $11 in by 10am M-F $6 max S-S	$5 /hr	Uncovered
40	Bayside Lot Piers 30/32	Imperial Parking	227-0114	--	--	--	--	--	--	$11 in after 10am; $10 in before 10am; $6 S-S $6 M-F after 4pm exp 11:59pm; $6 11pm-6am	$5 /hr	Uncovered/ Gated Lot
41	China Basin Landing Garage 3rd Street / Berry	Ace Parking	625-0755	--	$350 non-tenant $280 tenant	Yes	Yes	7 days	24 hrs	$20 for 12 hurs	$9 /hr	Covered
42	Giants Lot 74 Mission Rock	Imperial Parking	227-0114	--	$210 $150	Yes Yes	Yes Yes	7 days M-F	24 hrs 6am-6pm	$14 daily max after 10am; $9 in before 10am $10 6am-6pm	$4 /1st hr, $5 /2nd hr, $6 /3rd hr	Uncovered

APPROVED BY
SAN FRANCISCO PORT COMMISSION
DATE _____
_____
CHIEF HARBOR ENGINEER

SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

EXHIBIT D

DRAWN BY: ECC	DATE: May 22, 2012
CHECKED BY: T. LEE-LAM	SCALE: 1" = 1000'
DRAWING NO.	SHEET NO. 2 OF 3 SHEETS

Other Parking Facilities Located In The Vicinity

Port-managed Parking Facilities

A	SWL 303
B	SWL 302
C	Wharf J3
D	Pier 45 Shed C
E	Pier 9
F	Agriculture Building

1	655 Beach / Leavenworth
2	500 Beach / Jones
3	273 Jefferson / Beach
4	401 Beach
5	350 Beach
6	Longshoremen's Hall Parking Lot
7	Cost Plus Parking Garage
8	North Point Center Garage
9	Triangle Parking Lot
10	Pier 39 Garage
11	2300 Stockton & Grant
12	2210 Stockton / Bay
13	Bay / Embarcadero & Kearny
14	80 Francisco Garage
15	55 Francisco Garage
16	Levi Plaza Garage
17	Pier 29 & Pier 27 /29 Valley
18	425 Broadway Street
19	SWL 321
20	SWL 322-1
21	SWL 323
22	SWL 324
23	Davis / Broadway & Vallejo
24	847 Front Street
25	750 Front / Broadway & Pacific
26	750 Battery Parking Garage
27	900 Sansome / Broadway
28	955 Sansome / Broadway & Vallejo
29	825 Sansome / Pacific & Broadway
30	350 Pacific / Battery & Sansome
31	768 Sansome / Pacific & Jackson
32	Golden Gateway Garage
33	Embarcadero Center Garage
34	Pier 3
35	SWL 351

APPROVED BY
SAN FRANCISCO PORT COMMISSION
DATE _____

_____
CHIEF HARBOR ENGINEER

SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

EXHIBIT D

DRAWN BY: ECC	DATE: May 22, 2012
CHECKED BY: T. LEE-LAM	SCALE: 1" = 1000'
DRAWING NO.	SHEET NO. 1 OF 3 SHEETS

EXHBIT E

2012-13 FY Special Events and Filming Fee Schedule

	Rate
Still Photo Shoot	
Outdoor:	
Simple per day	$1,000.00
Major per day	$2,000.00
Indoor:	
Piers simple per day	$1,000.00
Piers major per day	$2,000.00
Pier 1 per day (Port offices - after hrs.)	$2,000.00
Pier 1 – Bayside 1-4	$2,000.00
Filming (Non-Film Commission)	
Simple per day	$1,000.00
Major per day	$2,000.00
Special Events	
Athletic events (walk/run/bicycle) per day	$1,000.00
Private event per day	$2,000.00
Public event per day	$2,000.00
Pier 30/32 – Entire Pier	
Private event:	
Event day	$12,500.00
Set-up per day	$2,500.00
Paid attendees:	
Event day	$15,000.00
Set-up per day	$2,500.00
Free admittance:	
Event day	$10,000.00
Set-up per day	$2,500.00
Pier 48 – Shed A & C	
Shed A Full Venue per day	$7,500.00
Set-up and take down	$1,500.00

Shed A Half Venue	$5,000.00
Set-up and take -down	$ 1,000.00
Shed A Quarter Shed	$3,000.00
Set-up and take-down	$1,000.00
Shed A and Valle Full Venue	$9,000.00
Set-up and take-down per day	$1,500.00
Shed A and Valley Haft Venue	$6,000.00
Set-up and take-down	$1,000.00
Shed A and Valley Quarter	$4,000.00
Set-up and take-down	$1,000.00

All rates are daily.

Notes:

Minor film and photo shoots are those that require very few to no support functions, i.e.; the photographer and the subject, minimal equipment, etc.

Major film and photo shoots are those that require substantial support, i.e.; film crew, props, vehicles, generators, lighting, etc.

At no time shall the fee charged for filming or a special event at a specific facility be less than the rental rate as specified under the Rental Rate Schedule for that premises.

EXHIBIT F

Office, Bulkhead Office and Pier Shed Vacancy Rate

As of June 2012

OFFICE	Total	Occupied or Under Pending Lease	Available	% Vacant
RoundHouse I	20,237	20,237	0	0.0%
RoundHouse II	25,421	25,421	0	0.0%
Pier 27/29 [1]	12,406	12,406	0	0.0%
Ag Building	22,476	18,465	4,011	17.8%
401 Terry Francois	10,764	10,764	0	0.0%
501 Cesar Chavez	40,090	22,864	17,226	43.0%
Pier 70, Bldg 11	25,154	25,154	0	0.0%
Pier 96	18,542	18,542	0	0.0%
Total	**175,090**	**153,853**	**21,237**	**12.1%**
BULKHEAD OFFICE				
Pier 9	79,353	72,479	6,874	8.7%
Pier 15 [2]	4,084	4,084	0	0.0%
Pier 17 [2]	2,774	2,774	0	0.0%
Pier 23 [1,3]	12,300	12,300	0	0.0%
Pier 26 [3]	18,433	18,433	0	0.0%
Pier 28 [3]	6,187	6,187	0	0.0%
Pier 33 [4]	0	0	0	
Pier 35	9,994	5,847	4,147	41.5%
Pier 50	7,743	7,743	0	0.0%
Pier 54	3,000	3,000	0	0.0%
Total	**143,868**	**132,847**	**11,021**	**7.7%**
OVERALL OFFICE	**318,958**	**286,700**	**32,258**	**10.1%**

PIER SHED

Pier 9	34,313	34,313	0	0.0%
Pier 15 [2]	155,028	155,028	0	0.0%
Pier 17 [2]	120,325	120,325	0	0.0%
Pier 19 & 19 1/2 [1]	94,544	94,544	0	0.0%
Pier 23 [1]	54,000	54,000	0	0.0%
Pier 26 [5]	94,472	94,472	24,314	25.7%
Pier 28 [5]	44,644	44,644	16,040	35.9%
Pier 33	61,192	61,192	0	0.0%
Pier 35	242,299	242,299	0	0.0%
Pier 38 [3]	0	0	0	
Pier 40	82,904	82,904	0	0.0%
Pier 48	200,000	200,000	0	0.0%
Pier 50	135,350	135,350	0	0.0%
Pier 54	20,000	20,000	0	0.0%
Pier 96	400,600	400,600	0	0.0%
TOTAL SHED	**1,739,671**	**1,739,671**	**40,354**	**2.3%**
Office & Shed	**2,058,629**	**2,026,371**	**72,612**	**3.5%**

Note: Includes only facilities available for leasing.

[1] Port is required to deliver these facilities free of tenants by various dates in 2012 and 2013 for AC34.

[2] Piers 15 and 17 are under a master lease to the Exploratorium effective Nov 2010

[3] Posession of P38 reverted to the Port in winter 2011, however due to structrual problems, the site is unleasable.

[4] P33 is an internal Port development project and is not yet available for leasing.

[5] In Jan 2012, these sites were part of AC34 deal, but were later removed. June 2012 figures include pending relocations from AC34 sites to Pier 26 and Pier 28

PORT OF SAN FRANCISCO

MEMORANDUM

July 2, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval of Lease No. L-15150 with Ammunition, LLC for approximately 9,652 square feet of office space with a term of 52 Months, located at 10 Lombard Street, Roundhouse Two, and subject to Board of Supervisors' approval

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION

I. BACKGROUND

Ammunition, LLC ("Ammunition") is a San Francisco based company with over 25 years of product design and innovation consultancy experience. Ammunition was founded by industrial designer and product development entrepreneur Robert Brunner. Ammunition's clients include Apple, Sony, Amazon, and Coca Cola. Ammunition is currently a subtenant located in Roundhouse One, 1500 Sansome Street.

II. LEASE PROPOSAL

Port staff and Ammunition began discussions in June 2012 for additional office space in 10 Lombard, Roundhouse Two located at Lombard and the Embarcadero. These negotiations have led to the development of the proposed Lease No. L-15150 now before the Port Commission for approval and subject to the Board of Supervisors' approval since the proposed lease has an aggregate value in excess of $1,000,000 (see attached location map).

The Lease provides for approximately 9,652 square feet of office space located at 10 Lombard, Roundhouse Two. The premises include the entire third floor and one office located on the 4th floor. The initial monthly rent is $22,260.75 or $2.31 per square foot which is somewhat higher than the proposed Port Commission parameter rental rate

THIS PRINT COVERS CALENDAR ITEM NO. 10B

schedule for FY 2012/2013 office space at Roundhouse Plaza. The term of the Lease is fifty-two months and includes a rent abatement period of one-hundred fifty days for the purpose of constructing tenant improvements (described below).

The Lease requires Ammunition to construct a minimum of $289,560 of improvements to the third floor space and the 4th floor including removal and replacement of all existing improvements, installation of new floor and wall covering, replacement of the HVAC ducting system, upgrading lighting systems and replacement of kitchen facilities. All of these improvements will have added value for the premises at the end of the Lease term.

All the tenant improvements are at Ammunition's sole cost and expense and no other rent credits or other compensation will be provided. The rent will commence one-hundred fifty-one days from the lease commencement date regardless of whether or not the improvements are completed. All tenant improvements will remain at the expiration of the Lease at no cost to Port.

At the end of the Term, Ammunition will have the right to exclusively negotiate with the Port for an additional five (5) years. Any extension will be subject to Port Commission and Board of Supervisors' approval if required.

III. ANALYIS

This Lease is brought before the Port Commission because the lease term and the rent abatement period exceed the criteria found in the Commission approved business parameters. All other terms and conditions, including rental rate, conform to the Port Commission's previously approved parameter terms and conditions. This Lease also requires approval by the City's Board of Supervisors under Charter Section 9.118 due to the anticipated rent revenues exceeding One Million Dollars ($1,000,000).

The initial monthly rent is $22,260.75 or $2.31 per square foot which is somewhat higher than the proposed Port Commission parameter rental rate for 2012/2013 office space at Roundhouse Plaza.

Ammunition will invest a minimum of $289,560 or $30 per square foot on tenant improvements. In consideration of this investment into Port property the Lease provides for a rent-abatement in the amount of $111,384 or $11.54 per square foot. The difference between Ammunition's investment and the abatement is $18.46 per square foot or $178,175.92 in net capital investment into Port property. It is a typical business practice in the private commercial real estate sector for landlords to provide tenants with an improvement allowance. This amount usually ranges from $30 to $40 per square foot depending on the length of the term of the Lease.

The Port will receive 100% lease efficiency for the third floor parcel which translates into the Port receiving rent on 100% of the space.

LEASE TERMS:	
Tenant:	Ammunition, LLC
Lease Number:	L-15150
Premises:	Approximately 9,652 square feet of office space located at 10 Lombard, Roundhouse Two.
Term:	52 months
Lease Commencement Date:	Upon Lease approval by the Port Commission and subject to Board of Supervisors' Approval and final execution by Port, anticipated by September 1, 2012.
Rent Commencement Date:	Anticipated February 1, 2013.
Lease Expiration Date:	January 29, 2017
Right of First Offer:	Prior to the end of the term, Ammunition shall have a right to negotiate for a 30-day period for an additional five (5) years.
Initial Monthly Rent:	$22,260.75
Rent Adjustment	2.5% increase on each anniversary of the Rent Commencement Date.
Use:	Office
Tenant Improvements:	Tenant is required to construct a minimum of $289,560 of tenant improvements
Performance Bond:	Tenant shall provide Performance Bond & Payment (Labor and Material) Bond
Rent Abatement Period:	150 days
Security Deposit:	Tenant shall provide a Security Deposit equal to two (2) month's Base Rent due in the first year of Lease. If the extension is granted the security deposit will be increased to the amount equal to two (2) times the final month's rent.
As Is:	The Premises shall be accepted in its "as is" condition.
Insurance:	Tenant shall provide standard insurance coverage acceptable to Port and City Risk Manager.
City Requirements:	The lease includes provisions requiring Tenant to comply with all applicable City laws, including but not limited to, Non-Discrimination, First Source Hiring, Health Benefits Coverage, Limitation on Contributions, Prevailing Wages and other applicable laws.

IV. RECOMMENDATION

Port staff recommends that the Port Commission adopt the resolution approving Lease No. L-15150 with Ammunition, LLC subject to Board of Supervisors' approval, for premises located at 10 Lombard, Roundhouse Two for a term of 52 months.

Prepared by: Jeffrey A. Bauer, Senior Leasing Manager

For: Susan Reynolds, Director of Real Estate

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 12-53

WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of the City and County of San Francisco; and

WHEREAS, 10 Lombard Street, Roundhouse Two is located in the northern waterfront adjacent to the Historic Roundhouse One at Lombard and the Embarcadero in the City and County of San Francisco; and

WHEREAS, Port staff has negotiated a fifty-two (52) month office Lease for approximately 9,652 rentable square feet, at an initial rental rate of $22,260.75 per month or $2.31 per square foot, with Ammunition, LLC on the terms described in the attached staff report; and

WHEREAS, the Lease provides for a one-hundred fifty day rent abatement period in consideration of Tenant's construction, at its sole expense, of a minimum of $289,560 of tenant improvements which will have value to the Port following the end of the Lease; and

WHEREAS, Tenant must provide a Performance Bond & Payment (Labor and Material) Bond each in the amount of 100% of the construction costs of the tenant improvement work, and in a form acceptable to Port; and

WHEREAS, the use is a continuation of existing and related uses and is therefore covered under the General Rule Exclusion pursuant to the California Environmental Quality Act; now, therefore be it

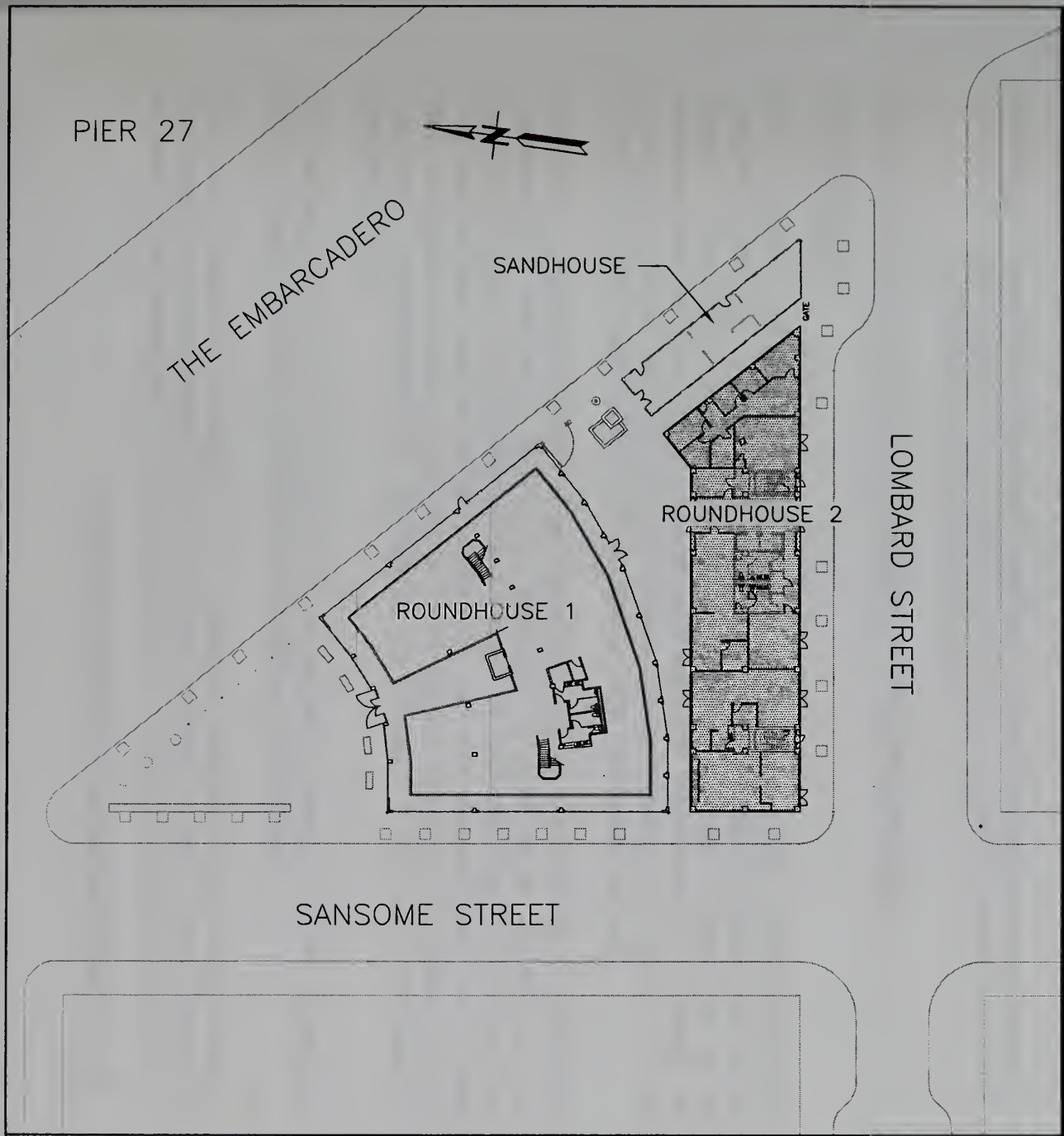
RESOLVED, that the Port Commission approves, subject to Board of Supervisors' approval, the Lease and authorizes the Executive Director or her designee to forward the Lease to the Board of Supervisors (the "Board") for approval, pursuant to the Board's authority under Charter Section 9.118, and upon the effectiveness of such approval, to execute the Lease; and, be it further

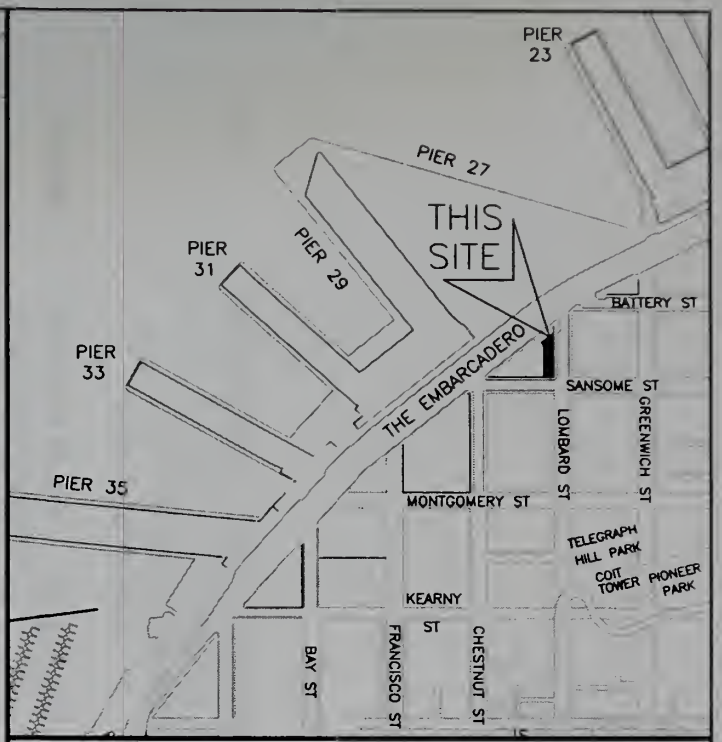
RESOLVED, that the Port Commission authorizes the Executive Director or her designee to enter into any additions, amendments or other modifications to the Lease that the Executive Director, in consultation with the City Attorney, determines are in the best interest of the Port, do not materially increase the obligations or liabilities of the City or Port, and are necessary or advisable to complete the transactions which the Lease contemplates and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director or her designee of the Lease, and any such amendments thereto.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of July 10, 2012.

_____

Secretary





APPROVED BY
SAN FRANCISCO PORT COMMISSION
DATE _____
_____
CHIEF HARBOR ENGINEER

PORT

SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

LOCATION PLAN
ROUNDHOUSE 2

DRAWN BY: ECC	DATE: JUN 21, 2012
CHECKED BY: J. BAUER	SCALE 1" = 60'
DRAWING NO.	SHEET NO.
	OF SHEETS

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PORT OF SAN FRANCISCO

MEMORANDUM

July 2, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director

SUBJECT: Request authorization to execute a Mutual Termination Agreement with City Building, Inc., a California Corporation, regarding Lease No. L-14950 for Premises located at Pier 26 Annex

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

BACKGROUND

Pier 26 Annex, built between 1928-1930, is located south of the Ferry Building and adjacent to and just north of Pier 28 on The Embarcadero between Bryant and Harrison Streets. The Annex building contains approximately 26,901 square feet of pile supported enclosed pier space. The Annex is leased to two tenants, City Building, Inc. a general contractor and IDEO, LLC, a design and innovation consultancy firm. City Building and IDEO have been Port tenants since 1994 (see attached map).

City Building recently executed a new lease with the Port, Lease No. L-14950, that commenced on February 1, 2011 and is scheduled to terminate on January 31, 2015. The lease reduced City Building's prior premises by approximately 7,074 square feet. This reduced area was somewhat unimproved and was primarily used for a cabinet shop and material storage. This area of 7,074 square feet was then leased to IDEO, Lease (No. L-14796) that also commenced on February 1, 2011 and terminates on January 31, 2016.

City Building recently approached the Port expressing a desire to either sublease or assign its lease in order to consolidate its operations in San Mateo.

Port staff subsequently engaged IDEO in Lease discussions with the express intent to seamlessly and directly lease the City Building premises to IDEO. These discussions have led to the development of a new Lease (No. L-15153) with IDEO for a term of 48

THIS PRINT COVERS CALENDAR ITEM NO. 10C

months with a commencement date of July 16, 2012 for the entirety the space to be vacated by City Building.

Rather than sublease this new space from City Building, IDEO requested a direct tenant-landlord relationship with the Port which necessitated the development of the Mutual Termination Agreement with City Building proposed to be effective on July 15, 2012 if approved by the Port Commission.

The Port Commission Resolution No. 09-04 delegated to the Executive Director the authority to terminate certain leases. The City Building lease does not meet the criteria for the Executive Director to terminate, so such termination is subject to the Port Commission's approval under the Mutual Termination Agreement.

The new IDEO Lease provides for an initial monthly rent of $20,011.56 or $2.68 which is higher than the proposed Port Commission parameter rental rate schedule for FY 2012/2013 for Pier 26 Annex and is consistent with City Building's existing rent schedule. IDEO and City Building are both tenants in good standing. The proposed IDEO replacement Lease is consistent with the Port Commission's approved rental parameters and is not subject to Port Commission approval. IDEO is considered a top tier Port tenant with a demonstrated willingness to make capital investment into Port property. Port staff estimates the amount of that investment to date at approximately Three Million Dollars ($3,000,000).

RECOMMENDATION

Port staff recommends approval of the Mutual Termination Agreement between City Building and the Port of San Francisco effective on July 15, 2012 so that the premises may be leased to IDEO as described above.

Prepared by: Jeffrey A. Bauer, Senior Leasing Manager
For: Susan Reynolds, Director of Real Estate

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 12-54

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and

WHEREAS, Pier 26 Annex is leased to two tenants, City Building, Inc. a general contractor and IDEO, Inc. a design and innovation consultancy firm; City Building and IDEO have been Port tenants since 1994; and

WHEREAS, City Building has requested to either sublease or assign its lease in order to consolidate its operations in San Mateo; and

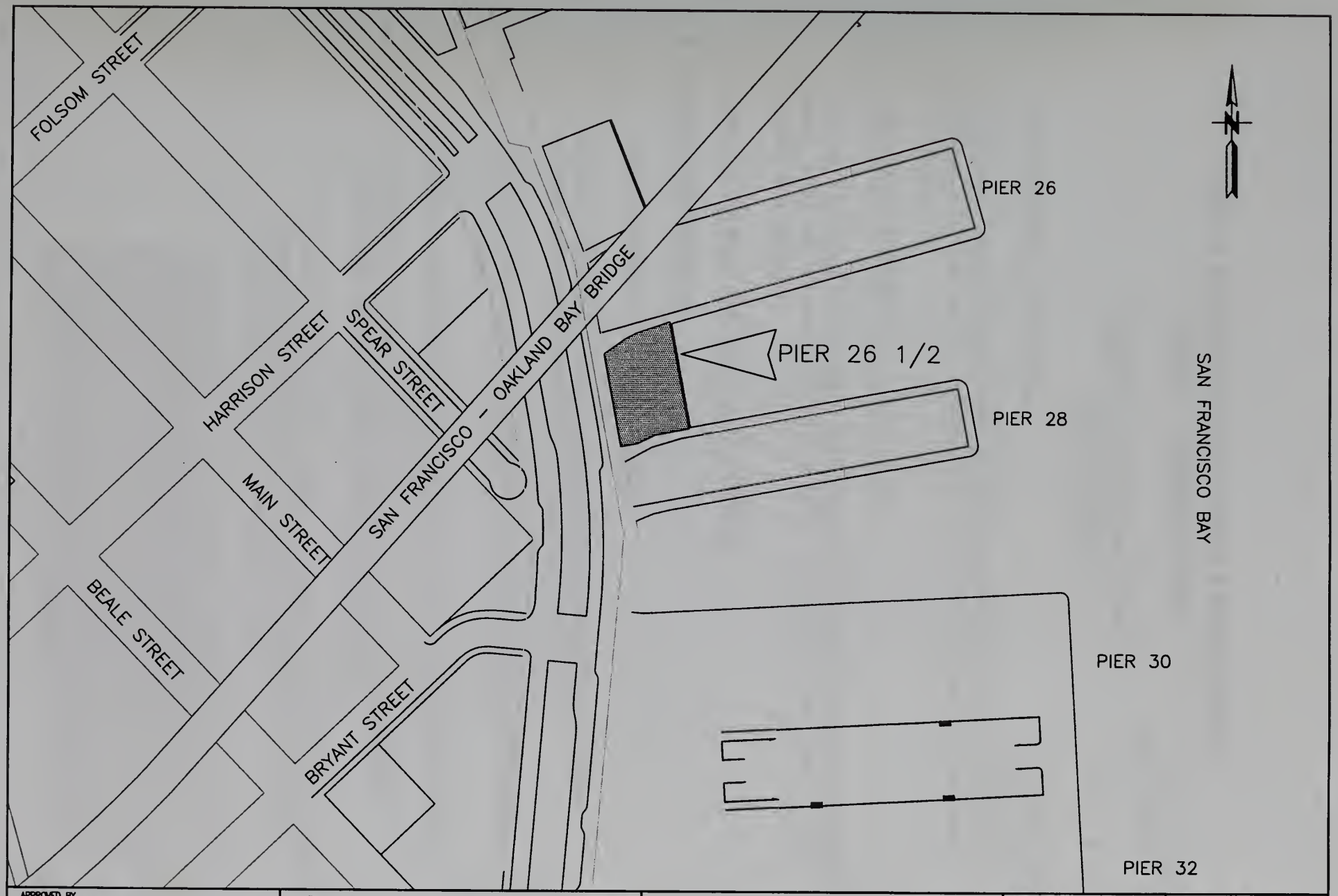
WHEREAS, Port staff engaged IDEO in Lease discussions for the City Building office space, and IDEO requested a direct tenant-landlord relationship with the Port, therefore Port staff proposes a Mutual Termination Agreement with City Building now before the Port Commission for approval; and

WHEREAS, Port staff and IDEO have executed Lease No. L-15153 for a term of 48 months for the entirety of the space to be vacated by City Building with rental rate consistent with the City Building rental schedule and in accordance with the Port Commission's FY 2012/2013 rental rate schedule; now therefore, be it

RESOLVED, that the Port Commission authorizes staff to execute a Mutual Termination Agreement with City Building, a California Corporation for premises located at Pier 26 Annex including the terms set forth in the Memorandum to the Port Commission dated July 10, 2012, a copy of which is on file with the Port Commission Secretary.

I hereby certify that the Port Commission at its meeting of July 10, 2012 adopted the foregoing Resolution.

_____
Secretary



APPROVED BY
SAN FRANCISCO PORT COMMISSION
DATE _____
_____
CHIEF HARBOR ENGINEER

SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

LOCATION PLAN
PIER 26 1/2

DRAWN BY: ECC	DATE: JUN 21, 2012
CHECKED BY: J. BAUER	SCALE: 1" = 250'
DRAWING NO.	SHEET NO. OF SHEETS

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

GOVERNMENT
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MINUTES OF THE MEETING
JULY 10, 2012

1. **CALL TO ORDER / ROLL CALL**

Commission President Doreen Woo Ho called the meeting to order at 2:05 p.m. The following Commissioners were present: Doreen Woo Ho, Kimberly Brandon and Leslie Katz.

2. **APPROVAL OF MINUTES** – June 12, 2012

ACTION: Commissioner Brandon moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. The minutes of the June 12, 2012 meeting were adopted.

3. **PUBLIC COMMENT ON EXECUTIVE SESSION**

4. **EXECUTIVE SESSION**

A. Vote on whether to hold closed session.

ACTION: Commissioner Katz moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

At 2:05 p.m., the Commission withdrew to executive session to discuss the following matters:

An Executive Session has been calendared to discuss the following matters:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER (DISCUSSION AND ACTION):

a. Discuss existing litigation matter pursuant to Section 54956.9(a) of the California Government Code and Section 67.10(d) of the City and County of San Francisco Administrative Code.

- F. Alioto Company, Inc., a California Corporation dba Alioto/Lazio v. City and County of San Francisco, by and through its Port Commission, ExxonMobil Oil Corporation, a corporation, and DOES 1-100, Superior Court of California, County of San Francisco, filed June 24, 2009 (Case No. CGC-09-489792) ("State Court Litigation") and City and County of San Francisco, by and through its Port Commission v. ExxonMobil Oil Corporation, U.S. District Court for

the Northern District of California, filed June 19, 2008 (Case No. C-08-03490 EMC) ("Federal Court Litigation").

Proposed settlement of State Court Litigation alleging nuisance, trespass and breach of lease and Federal Court Litigation alleging nuisance, trespass, breach of contract, and equitable indemnity. The terms of the proposed settlement include:

(1) Port's payment to F. Alioto Company, Inc. ("F. Alioto") of $60,000; (2) co-defendant ExxonMobil's payment to F. Alioto of $540,000; (3) Port's dismissal with prejudice of Federal Action against ExxonMobil; (4) a mutual release of claims between the Port and ExxonMobil; and (5) other terms and conditions contained in the proposed Settlement Agreement and Release between the Port and ExxonMobil and the proposed Stipulation for Settlement among the Port, ExxonMobil and F. Alioto on file with the Port Commission Secretary.

Proposed Action: Approve Settlement Agreement

(2) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative:***

a. Property: Piers 30/32 and Seawall Lot 330
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development and Brad Benson, Special Projects Manager
OEWD: Jennifer Matz, Ken Rich, Tansem Drew
*Negotiating Party: Golden State Warriors: Rick Welts, Jesse Blout, Michael Cohen

b. Property: AB 4052; 4111, lots 3 and 4; also known as Pier 70 Waterfront Site, located near the intersection of 22nd Street and Illinois
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development
*Negotiating Parties: Forest City Development California: Kevin Ratner and Alexa Arena

c. Property: Block 4111, Lots 3 and 4; Block 4110, Lot 1; Block 4046, Lots 1 and 2; also known as Pier 70 20th Street Historic Buildings, located near the intersection of 20th Street and Illinois
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development
*Negotiating Parties: Developer: Orton Development, Inc.: J.R. "Eddie" Orton III, President

d. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot 62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*Negotiating Parties: Jack Bair, SWL 337 Associates, LLC

5. RECONVENE IN OPEN SESSION

At 3:30 p.m., the Port Commission withdrew from executive session and reconvened in open session.

6. ANNOUNCEMENTS: The Port Commission Secretary announced the following:

A. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting:

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.

B. Announcement of Time Allotment for Public Comments:

A member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE

A. Executive Director's Report - Executive Director Monique Moyer reported the following:

- Commissioner Ann Lazarus

Monique Moyer, Executive Director - We have a very interesting agenda. There are a lot of different attributes going on at the Port that we are looking forward to sharing with you. I wanted to start by commenting on Commissioner Ann Lazarus. As many of you know, her term expired on May 1, 2012. Under the City's Ordinance she was able to hold over in her position for 60 days. The Mayor has asked and she has agreed to serve on the Board of Appeals subject to confirmation by the Board of Supervisors. She will not be able to come back to the Port. I tried to entice her to come today to be recognized for her many contributions and she politely declined. I decided we should still say a few words in absentia. If you'll indulge me, I just want to

point out that Commissioner Lazarus joined the Port Commission in May of 2004. That's exactly the time that I joined the Port. We were new together. She helped us to accomplish so much particularly in respect of the Port's financial position. She helped us to come up with the first ever 10-year capital plan to catalog what our capital needs were. She helped us to come up with a more robust and stabilized financial budget, as did all the commissioners who are with us. She had a particular area of expertise in finance. Her support has been really terrific for the Port staff. She served as president, and she served as vice president two times. She made countless appearances on behalf of the Port. I appreciate her and her volunteerism on behalf of the Port. In her absence, I hope you will join me in a round of applause. Hopefully Amy will send her the minutes of this meeting since I probably can't even convince her to watch it on TV. I hope that her nomination is being heard by the Board of Supervisors' Rules Committee next week, July 19, 2012. Willie Adams, the treasurer/secretary of the International Longshore and Warehouse Union has been nominated by Mayor Ed Lee to fill the seat vacated by F.X. Crowley. His nomination will be heard by the Rules Committee on July 19 as well. With luck he may be joining us as early as our August meeting, which would be terrific. We'll say more about Mr. Adams and his qualifications when the time comes but we're looking forward to having him.

- Recognition for Aaron Washington in rescue of child in water near Pier 45

We have an amazing person in our room. We have a lot of amazing persons in our room, but this person takes special recognition. I'd like to introduce Aaron Washington, an employee of the *Pampanito*, the submarine up in Pier 45. Technically he's an employee of the San Francisco Maritime National Park Association, but he's assigned to the *USS Pampanito* and has been there for 15 years.

You may be aware that about a month ago on June 14, 2012, Aaron was critically involved in the rescue of a young boy who had jumped willingly into the Bay near the *Pampanito*. This young man was on a field trip of facility next door, the Musee Mecanique. This was a field trip for children with disabilities. He took one look at our enticing Bay and decided that's where he wanted to be. He jumped in, which must've sent a flutter of panic through everybody's heart. My understanding is that Mr. Washington heard the commotion, came over and immediately went to the young man's rescue. He was not, as I understand it, all that willing to come out of the water. So Mr. Washington had the added job of being in his street clothes holding a wiggling child in the Bay while the firefighters came to the rescue. I can't imagine doing that. He is the father of a 2-year-old. I'm sure that would've crossed your mind for a moment. Mr. Washington comes from a long line of family and community service. He's joined here today by his mother Myra, who worked for the San Francisco Unified School District for a long time. His father, Booker Washington, worked for the San Francisco Municipal Transportation Authority for a long time. His wife is here as well. Their 2-

year-old is not here unfortunately. We would have loved to have had him. I just can't thank you enough. I have a child about that age. I can't imagine what that must've been like to go in and rescue him. We are very grateful that you did. We're grateful that you have been here at the Port and around our Bay for so long that the Bay is enticing for you and not as intimidating as it might've been for someone else. We thank you so much for your courage and your commitment and all of your service. Mr. Washington has been very involved with youth throughout the city, particularly youth at risk. I guess this is a new definition of youth at risk but certainly a worthy one. We couldn't be more proud to have you as part of this waterfront and more grateful. We would very much like to commend and honor you. Please join me in recognizing Mr. Aaron Washington.

Commissioner Woo Ho - We'd like Aaron to come up to receive this plaque on behalf of the Port and the Commission.

Monique Moyer - I forgot to mention that he's a scuba diver around very great places in the world so maybe that helped, jumping into the Bay.

Aaron Washington - I want to thank you all for this honor. I'm really at a loss for words but I do want to say one thing that was very important. While in the water I didn't know that the child had any type of mental disability. It wasn't until we were face-to-face with each other and trying to negotiate on how we were going to get out of the Bay together. My staff, CJ Warasbowsky, Keith LaDue, and Walden Holmes, were very instrumental in supporting me while I was in the water. If it weren't for those three, we would not have had such a smooth transition. This recognition actually goes to those three guys.

John Tregenza – I'd like to thank the Port for recognizing Aaron for his heroic action. People should know also that he's a former water safety instructor so he's well trained in rescue. This was not a crazy thing to do but that child was not able to respond to commands. Without Aaron's action, he could've been in very serious jeopardy in the time it would've taken for San Francisco Firefighters to arrive. The board of the San Francisco Maritime National Park Association is very grateful for Aaron's actions and for your recognition of it.

Monique Moyer - Aaron, many thanks to you and your family and for your courage and your dedication.

- <u>San Francisco Ship Repair, Inc. awarded contract for the maintenance services of U.S. Army vessels</u>

The San Francisco Ship Repair Inc., which we call BAE, has been awarded maintenance services contract from the U.S. Army for vessels going forward to do special work. They've been awarded a $28 million contract, which is a very sizable sum. As you know, that contract alone would probably equal more, sometimes two times more, than what their revenues have been in certain of the leaner years. I want to recognize this because there are a

number of factors that are leading into this achievement. First and foremost is the leadership of Hugh Vanderspek as the general manager of the BAE shipyard San Francisco. He's a very pragmatic, engaging, and great leader and has really shown that and also the workmanship that is going on at the ship repair yard. Obviously the U.S. Navy and the U.S. Army would not be bringing their vessels back over and over again if the workmanship wasn't absolutely top-notch.

I want to commend the hundreds of men and women that work out there, depending on which vessel is in port. I also want to recognize that all of this has been made possible through the investment that was made in, I believe, 2006 by the Port with Princess Cruises and BAE to enlarge the dry dock so that we could handle greater vessel volume and also to the recent dredging that has occurred in the central basin.

Thanks to all of the Port staff who've participated in this - Daley Dunham, Gerry Roybal, Kathleen Diohep, and others. My kudos to Hugh Vanderspek and his terrific staff. Of course, we look forward to getting percentage rent from this new contract. It is very good news for us.

- <u>2011 Ports and Destination Awards - San Francisco awarded for Best Local Initiative for the collaborative team approach in the design of the new cruise terminal</u>

  The Port of San Francisco received an award from *Cruise Insight*, a magazine specific to the cruise industry. Once a year, the cruise line executives get together and vote for various ports to win various awards. For 2011 they voted in 87 awardees, 22 were newly included to the awardee list and the Port of San Francisco is one of those 22.

  The 87 represent 47 different countries, and only six U.S. ports were named - San Francisco, New York, Charleston, Port Everglades, Miami, and Skagway, Alaska. We're very proud to be in that elite group. The magazine states that this award is "In recognition of the often hidden work of those who understand the importance of teamwork, a new award category has been created: Best Local Initiative." This is for those initiatives that involve the partnership of two or more organizations who together go the extra mile to deliver a product or service that has or will enhance the delivery of their cruise product. San Francisco was awarded the Best Local Initiative for collaborative team approach in the design of the new cruise terminal at Pier 27.

  I want to give kudos to the port team, the team led by the Department of Public Works as well as our renowned architects and engineering partnership Kaplan McLaughlin Diaz Architects, Pfau Long Architecture, and Bermello Ajamil & Partners as well as Turner Construction. It really is a team approach. You may recall that our construction management contract has 42 separate firms listed as part of the team, but we're very pleased to be

honored, unknowingly as it turned out. We weren't approached about it. To be recognized by the executives of the cruise lines is very high praise. My kudos to everyone involved in that project.

- San Francisco Giants will receive the 2012 University of San Francisco California Prize for Service and the Common Good

  Another award has just been announced and the ceremony won't actually take place until November 12, 2012. The San Francisco Giants have been awarded the 2012 University of San Francisco California Prize for Service and Common Good.

  It's a dinner at UCSF's Welch Field recognizing the good will that the Giants have created. Proceeds of the dinner will go back into the USF student programs. In particular, the Giants are being commended for their work in the community through the Giants Community Fund, Giants in the Community, and their Junior Giants baseball. They have done a lot with those programs.

  Their Junior Giants baseball program now serves over 20,000 boys and girls in ages 5 to 18 in 85 leagues across California, Nevada and Oregon. The Giants Community Fund pays for public awareness campaigns such as Until There's A Cure Day at the ballpark, Organ Donor Awareness Night, and Strike Out Violence Day as well as many other great opportunities for youth throughout our city and community. I wanted to commend the San Francisco Giants on being such a great partner for both the city and the Port and congratulate them on their award.

B. Port Commission President's & Vice President's report on America's Cup World Series Regatta in Newport, Rhode Island, June 27-30, 2012.

Commissioner Woo Ho - I have been asked to report on an item that we passed at the Commission, which is that Vice President Kim Brandon and I were in Newport, Rhode Island, attending the World Series America's Cup. We're here to give you a brief report on what happened. Number one, it was a very productive visit. We were not only able to watch the races but we also met with the executive director of the America's Cup for Rhode Island, who was a state official, who actually staged their event.

We also had a chance to spend time with the America's Cup race management, in particular with Bob Billingham, to actually visit the team base and understand the set up. In essence, what we saw in Newport was really a mini-series of what the America's Cup could be expected to be. We were there for two days. We saw races on both days. I think the head count on the Friday that we were there was maybe up to 10,000.

It's still far less scale than what we hope to see in San Francisco, but it did give us a sense of what to expect. Newport was set up in a stadium style just like we're going to be here, where you can watch the race from the shore. We found

that if you watch it without the aid of television, it's a little harder unless you understand the race. We did both. It's pretty exciting because you can see through the television what's happening on the boat itself, which is pretty exciting in terms of what's happening. Newport is much smaller in scale, not only in terms of the race but the city itself. I think that what we're building here in infrastructure is far greater. They did a very good job in organizing the races.

In fact, there was some excitement. One of the boats capsized and had to be repaired overnight. I appreciated a lot more the variables for yachting/sailing. They are much greater than a racecar or a horse race because the wind changes, the current changes. You have to make immediate adjustments in order to continue to race down to what you're supposed to do. That was exciting, and we understood how it is. Though it did take almost two days watching the race to really understand what was going on and to get the jargon down. The other thing that we found in terms of the team bases, which we're going to experience here very shortly on Piers 30-32 is that we heard about it, but I guess it's hard to understand but when you actually see 120 containers of stuff that gets set up as the team bases, it's quite amazing. It all packs up, and it all gets put into the containers. They move it from site to site. Everything is self-contained. It really is amazing. We visited the back. We saw the front in terms of the whole media setup, the teams themselves, all the boats, the people that are behind the scenes, etc. It's just an enormous amount of effort to put on these races.

We can appreciate what is involved here with the America's Cup. Mike Martin from the Mayor's Office also attended the Newport races. Finally the venue management, which is what we will also be tasked with here in San Francisco. We learned a few lessons in terms of how you manage the people, how you manage the traffic, the venues and the retail.

There were two things that I picked up that would be useful for us in San Francisco. One, they used water taxis very effectively to move people around and it was enjoyable. They also had an exploration zone, which families and children could visit so that there were other things besides sailing, which I think was good for the crowd and families to visit.

Thirdly, they had a lot of retail merchandising. In fact, they probably could've done more because people were in the mood for spending money. I think that was very useful. I'm going to ask Commissioner Brandon to say a few words because I'm sure I've missed a few things that she picked up.

Commissioner Kimberly Brandon - It was a great experience for us. It did take us probably a full day to really understand what was going on, what was the course, who was doing what. It was just fascinating once you got engaged and understood what was happening. We stayed at a hotel that was on America's Cup Boulevard. I personally thought that it was done just for America's Cup, not knowing that it had been there since the 1800s. We picked the perfect place to go and experience it because everybody was just so friendly and helpful and

engaging. There was also a setup inside the fort, the exploration area that was for families, children, non-profit organizations to learn about the environment, about the ocean, which we thought was really great. We hope that we have that here somewhere. They did put a lot of focus on sustainability. They have a little further to go, but at least it is in the plans and they are making efforts to make sure that the event is truly sustainable for all who come to enjoy it. We had a great time. It was worthwhile. Although it was a whirlwind trip, it was very beneficial.

We brought back pamphlets to share with you guys so you can kind of experience a little bit of what we did.

Commissioner Woo Ho - One of the things that I wanted to mention and I'm sure this is already on Mike's agenda is the tremendous use of volunteers. It will take a lot of volunteers across the waterfront. We're going to have multiple venues where volunteers would be very helpful. The volunteers in Newport were all friendly. We also heard from the director of America's Cup in terms of the amount of effort that goes into organizing and training the volunteers.

There were a lot of lessons learned that we hope to continue to share and that we can leverage going forward in terms of what we prepare here.

I also wanted to spend a minute and to give my fellow commissioners a chance to comment and recognize Commissioner Lazarus.

Unfortunately I wasn't here at the June commission meeting although I think we didn't get a chance to thank her there. I've worked with her for over a year, and she's been a very dedicated and diligent commissioner. I've enjoyed working with her. I didn't know all of her accomplishments since I wasn't here for the whole time that she was on the commission. For the record, I want to take a moment to commend and thank her for her service.

Commissioner Brandon - I had the opportunity to serve with her for eight years. I've always thought that Ann was just such a wonderful, levelheaded, fair person. Even though I may've been here longer than her, she's always been a mentor to me because she's just so pragmatic and so smart. We're really going to miss her, and I really enjoyed serving with her. If anybody wants to send letters to the Board of Supervisors on her behalf, prior to next Tuesday, please do.

Commissioner Katz - I'll echo my colleagues' comments. I've known Ann for many, many years, long before we served together on the commission. She really is somebody who takes public service very seriously. I certainly saw it fully working with her on the commission here. She was so welcoming. She really was, as Kimberly said, a mentor and she will be sorely missed. The Board of Permit Appeals will be very lucky to have her thoughtfulness and have her on that commission. She will be missed here.

C. Informational update on the June 20, 2012 Pier 29 Fire Damage and Port Response.

Wendy Proctor, Port architect - I'm here today with Port consultants Reinhard Ludke of Creegan and D'Angelo (C+D) and Nancy Goldenberg with Carey and Company, Inc. to present an information update on the fire that occurred on Wednesday, June 20, 2012 at 1:50 in the afternoon.

In the face of this tragedy we are fortunate that with the expert help of the San Francisco Fire Department, the damage was contained within Pier 29 bulkhead and the transit shed with only minor damages to Pier 29½ and that the pier had been vacated in preparation of the America's Cup Event Authority uses and activities and therefore there were no occupants or injuries and the America's Cup events will not be impacted by the fire.

Immediate impacts that the fire posed are falling building hazards in the public way in the Embarcadero promenade sidewalk and roadway and power outages in the Piers 33, 31, 29, 29½, and the Pier 27 cruise terminal project. You can see by the photo on the upper right-hand side that a fair amount of debris fell onto the sidewalk. Immediate actions by the Port in response to these hazards were to close the Embarcadero promenade sidewalk and the bike lane immediately.

At the end of the day, I saw a line of approximately 20 Port trucks coming from Pier 50 with all the equipment to secure that area and also to provide generator power for the tenants in the piers that had lost power. Also immediately Port staff initiated two emergency contracts with Turner Construction for immediate stabilization and repairs and with the architecture and engineering consultant Creegan and D'Angelo for structural engineering, Carey and Company, Inc. for historical architectural protection and YEI Engineers to help with the utility issues that were presented with the fire damage.

The Port has insurance coverage for the damage for construction in kind and any upgrades that will be required for meeting building current code when we present the repairs.

Reinhard Ludke - As Wendy indicated, Ed Byrne, the chief harbor engineer, contacted us on Thursday morning, the day after the fire. He asked us to come to the site along with Turner construction. He talked to me about the issues that the Port faced and the immediate concerns or things that we have to take care of. They included public safety issue. A part of the building had collapsed onto the Embarcadero promenade during the fire. There were questions and concerns about building stability on the promenade, and the Port wanted to open the promenade to pedestrian traffic as soon as possible. Our emergency response commenced that morning along with the contractor.
We've been involved from June 21 through July 3, 2012 but it's continued to go on today. As Wendy mentioned, emergency contracts and emergency resolution was prepared by the commission. We are under contract or almost under

contract. Building stabilization commenced on June 26 and continues to today. For the historic building salvage and protection, a staff member from Carey & Company was on site.

Savannah Millie was on site on June 21, 2012 and they've been involved from the beginning. On June 21 and 22, they installed temporary electric power to replace the power that was lost. The electric power equipment assessment in detail started on July 27, and that again continues today.

This diagram shows Pier 29. It shows where the fire was located and shows its relationship to the cruise terminal at 27, which is under construction now. That's where the superintendent from Turner that was involved with us from the beginning was transferred over form the Pier 27 operation. We worked with him for the first week or so of the project.

This diagram illustrates the entire pier. The orange area on the diagram, the left-hand side, is the Pier 29 bulkhead. The most intense of the damage occurred inside the bulkhead building. There is a fire separation wall between Pier 29 and 29½ that did work well because it isolated most of the fire damage to Pier 29. There is some fire damage, water damage, smoke damage in the shed building. The plan is to put in a separation wall to segregate the shed from the major part of the damage that's in the bulkhead so that damage that's in the shed can be remediated and that shed can be turned back over to the tenant, the America's Cup event.

This slide illustrates some of the fire damage. The upper left shows the fact that you can see daylight through the roof. That's the roof structure that supported the entry portal. There was a lot of damage in the roof area behind the portal area that was kind of like part of a chimney. The heat, the smoke, and the fire concentrated in that area. There was a lot of damage that was caused there even though the fire department was very effective in putting out the fire.

The upper right shows the damage to the south wall. We lost a lot of the structural support between the roof and the south wall. So that's a stability issue. The lower right shows a shot that day, looking at the roof damage from the cherry picker when our engineer was up on the lift on Thursday.

The upper left-hand slide shows the damage that's in the southwest corner. That's on the corner of the Embarcadero wall and the south wall, which is on the parking lot. These are additional photographs of the damage to the roof and damage to the trusses in the roof framing again behind the entry portal. There was continuous construction and structural removal that commenced on Thursday.

It was about noon on Thursday when the demolition contractor mobilized. There was work on site until 11:30 on Thursday. Friday it continued all day until around 8:00. It was continuous Saturday and Sunday. The promenade was open to

pedestrian traffic. We felt that the building was stabilized. About late in the afternoon on Sunday it was finally open.

The image that's in front of you shows the west elevation of the building. The good news is that the documentation, the archives that the Port has are very, very good. We've got good records of what we had before the fire and that's going to help Carey & Company and Creegan+D'Angelo restore this building.

This is the south elevation. That's the elevation that faces Pier 27 and the cruise ship terminal. We had to file permits for the work that was being done. This diagram pertains to the traffic control, pedestrian control, and public safety. We did secure the sidewalk. The Port did have security staff managing traffic from Thursday until we were able to open the sidewalk again to the public on Sunday night.

There were staff and traffic control issues going on full-time for that whole period. When we reviewed the project and discussed our plan with Ed Byrne and with the contractor, this diagram illustrated what we thought we were going to have to remove. This is Thursday. The permit document we got from the Port building department. We proceeded with this plan in place and with this as the construction permit for the structural removal and to restore public safety.

These pictures illustrate some of the structural removal that took place over the 21 days since the fire. The upper right-hand picture shows the debris that's on the Embarcadero and shows the public security fence at the curb line of the Embarcadero. This is just difference progress. The contractor had remote control demolition equipment that he was able to operate from the cherry pickers.

The worker safety was really important. We were very conscious of what we allowed them to do and what we told them they had to do in order to protect the workers. It included putting in scaffolding so that we could do the inspection of the electrical equipment. We started to put the scaffolding for supporting the roof structure Tuesday, June 26, 2012.

We started having meetings with the Port, the city attorney, the contractor, and the insurance company on June 26. We had another meeting Tuesday last week and there's another one scheduled for this Thursday. There's a scheduled team meeting every week to keep everybody plugged in to what's going on and the progress that we're making.

We issued a punch list to complete the demolition and to complete the public safety building stabilization. We issued a punch list of the items that needed to be finished last Friday and the contractor's working through that. We're trying to get that worked on so that we can get the demolition contractor finished and then start working on the stabilization. This is still going to take several weeks to get that worked on.

All of the electric power that served Piers 33, 31, 29, 29½ and the cruise ship terminal came through this equipment that you see in the slide. The assessment of that equipment is going on now. There's already been a preliminary review. There's work going on to look at operating temporary power and what the long-term permanent power needs should be and how we either repair, restore, or replace this equipment.

This diagram shows that the contractor installed temporary emergency generators that operate on diesel fuel. There are five generators located around the wharf area. They go from Pier 29, 29½ through 27. They serve different operations that are ongoing there, including some sewage ejection pumps at Pier 31.

This plan shows the extent of the roof that was removed. This work was completed and this diagram was prepared last Friday. The photograph shows how much of that roof is gone. There's still one bay of the roof and the truss that was removed since we took this photograph. There was scaffolding that was put in to allow that construction to happen safely.

This is an update of the work that's been done and what you're going to have when we're done with this stabilization and public safety protection. The lower left-hand photograph shows the south wall cornice before we removed the architectural features. This is where we're depending on Nancy Goldenberg of Carey & Company to help us restore those architectural features.

The upper right-hand corner is the entry portal. When we started this demolition on the 21st, we thought we were going to take that thing down. I thought that was going to be down by that first weekend, but as things went along we have decided to protect that and keep that in place. We're going to brace that structure so we can restore it around it. That diagram illustrates what we've actually ended up with the final demolition and final structural removal. This is what we have today. Essentially this is what we're going to leave to the public until we have the repair and restoration documents done and start the repair construction.

We're evaluating the cost and the operation of the temporary power. We're looking at trying to get PG&E to bring in some permanent temporary power rather than running diesel generators. Water service and fire protection is going on right now to restore the water service to Pier 29 and those facilities.

The fire protection system, we're trying to get that up and going. The Port maintenance staff is involved in that right now. We are completing the plans for the building stabilization. We will be filing for a permit and starting that construction this week. We're putting in a bulkhead shed separation wall. That's part of this stabilization process. Once that gets put in place then the Port will issue a contract or develop a contract to do the remediation on the shed so we can get that cleaned up and turned back over to the tenant. Hopefully that can

be done within several months. Repairing and restoring the bulkhead building is a long-term project that won't be finished in 2012. I'm pretty certain about that.

Nancy Goldenberg, Carey & Company was also out on site the day after the fire, which is on June 21, 2012. Our initial focus to date has been to consult on demolition and salvage activities. This has changed. It's been an ongoing process, as you can see from the photos on the left.

Things change from week to week and often from day to day. So it's been important that we be out there frequently to assess what's going on. I was out there last Thursday in fact. And the photo on the right shows actually it was the last fragment of dentilated cornice that was left on the building. It was on the north pylon, which had to come down because it was so badly damaged that it was no longer stable.

I was fortunate enough to be able to get there. I got up on the cherry picker and documented it. The contractors were able to save a piece. We have that as a record that will aid us in accurately restoring that element of the building. Salvage and protection activities have primarily involved windows and elements of the stucco like the fragment I just showed you. Some of the windows have been salvaged, and they've been placed in a protected area in the pier shed. The remaining windows are going to be protected in place. That will both assure that the building is well buttoned-up, and it will also provide protection to the remaining window sash and frames and hopefully some of the glass that's still intact.

Currently we're finishing up assisting with the demolition and salvage activities. We're also determining the criteria that will be used to restore the building. There are different Secretary of the Interior's standards and treatments. So we'll be working with the Port to determine which ones are the most appropriate for this building. We will also be reviewing historic documents such as drawings and photos.

We're very lucky that the Port has very good drawing documentation of this building and also excellent photos. In fact, the photo is an interesting one. That's an early 20th century photo showing a locomotive from the Beltline Railway in front of Pier 29. We will also be physically assessing the building. We'll be documenting exactly what's left and noting its condition and also carefully documenting the salvage elements.

Then we'll also be reviewing the code analysis that's being prepared to make sure that the historic building code is adequately used. Finally the next steps in restoring the building, we will be working with the structural engineer to ensure that the building structure is restored accurately. We also have very good documentation for the building structure.

We will also be reviewing any new elements that need to meet current codes to make sure that they're appropriate to the historic building. Finally the fun part will

be designing the restoration and/or reconstruction of the missing areas of the building.

Monique Moyer - I do want to clarify one thing that Reinhard said. The America's Cup Event Authority is the tenant that is coming in. They are not yet on the premises. And they weren't on the premises for the fire. I just want to be clear that they weren't involved in any way in that. We were very, very fortunate to have Turner Construction on the premises. They were very responsive to the fire as best they could.

I want to emphasize that response to the fire was a citywide event that, as indicated by the speakers we just had, is an ongoing one. First and foremost I think recognition needs to go to the San Francisco Fire Department. The men and women of that department were utterly amazing. It was a very hot day, and it was an extraordinarily hot fire. Apparently it was the only thing of excitement happening in the city because everyone turned out to watch it for hours and hours and that required the assistance of the San Francisco Police Department to help with crowd control, which they did magnificently and kept the firefighters able to focus on what they were doing. The firefighters made a definitive decision to protect the shed and the adjoining piers at the expense of the archway. They really did an amazing job of containing the fire, which was hard to see from the street.

Once you go into the building or watch any of the footage -- we had a number of reporters that went into the building that shouldn't have, following the fire. There is some very good footage. Thankfully everyone was safe. The San Francisco MTA sent their PCO officers. They had a very difficult job. It was amazing how many commuters did not know that the fire was underway and got stuck on the Embarcadero long after the fire had started. The parking control officers were absolutely terrific in that.

I have to give special thanks to the Port maintenance, particularly the electrical shop which stayed for almost the entirety of the night trying to get the electrical system up and running since our fish processor tenants start very early in the morning. They were just tremendous. Tom Carter stayed for an amazing amount of duty and helped make sure that the public was safe.

Turner Construction, C+D and Carey & Company have been absolutely terrific, but I also want to recognize members of the community at large. We had so many phone calls and offers of help from various people, particularly in the historic preservation community, and really appreciated that. We've had several different situations at the Port in my tenure. This is the first time I've seen such amazing community outreach so close to the event. I was very pleased by that.

The Department of Public Works, MTA and the SFPUC have all been terrific in helping us to resolve the electrical problem in one way or the other. I just can't emphasize enough what a great community we are and how fortunate we are to work here. I also want to mention that, as we speak, there is an item before the

Board of Supervisors today, which is an ordinance to retroactively approve the emergency situation and our ability to enter into emergency contracts with our consultants.

I really want to thank the Board of Supervisors for their support. They all reached out to me as well and offered help, and of course the Mayor and his staff were immediately engaged and involved. I happened to go by Thursday night at about 11:00 p.m. to watch the robot and there was a huge crowd standing there to watch that robot. So the technology involved in making sure everybody was safe was a really terrific thing.

The last thing I want to mention is happily, thanks to some brilliant people, the cruise terminal project is not only on schedule but the last piece of steel will be placed by next Tuesday. We will be celebrating that great event. We're very pleased by the responsiveness of all parties involved and our ability to hopefully preserve that part of our history and that part of our future.

Commissioner Brandon - Do we know the cause of the fire?

Monique Moyer - The San Francisco Fire Department is investigating the fire and is expected to have a report out, they said about 3 weeks, so it should be out any time.

Commissioner Katz - Just two short questions. One relates to the generators we have out there. Are those diesels?

Wendy Proctor - Yes.

Commissioner Katz- Are those relatively new? My understanding with the different generators is some have more emissions than others. I was wondering what standards our generators are up to.

Reinhard Ludke - I looked at three of them yesterday. They all looked brand-new. The ones that I saw are leased. We are looking at changing from those five operating generators to maybe two operating generators or some other temporary power. The current operation is going to get changed in the not-too-distant future.

Commissioner Katz - I just wanted to make the best of a bad situation. I was hoping at least that we use the least environmentally detrimental systems. With respect to some of the work that's being done, are there any current codes that might impact full restoration or allowing it to be completely replicated?

Nancy Goldenberg - That's an excellent question. There are two separate answers. One is we'll be following the Secretary of the Interior's standards for the treatment of historic properties, which will assure that the project gets restored to the National Preservation standards. At the same time we will need to follow current codes, but we also have the state historical building code, which

allows certain modifications to protect the historic resource and the historic character of the building.

Wendy Proctor - That's an iterative process that we're in right now. So we'll know more in the next presentation.

Commissioner Katz - I concur with Executive Director Moyer that I want to thank all the city family for their incredible response, but I also wanted to thank the Port staff for really staying on top of this, keeping the public informed. I know it was in the midst of a lot of other things going on. Again, kudos to all involved. I think it really was an example of the city family coming together and our staff really excelling. Thank you.

8. CONSENT

A. Request authorization to Issue a Request for Proposals for a non-profit youth employment services organization to participate in the Port's youth employment program and assist in maintaining the Port's property. (Resolution No. 12-55)

B. Request authorization to enter into a contract with the San Francisco Bay Conservation and Development Commission (BCDC) to provide staff support of BCDC planning studies associated with prior approval of the Pier 27 James R. Herman Cruise Terminal and Northeast Wharf projects. (Resolution No. 12-56)

C. Request authorization to execute a contract modification to Construction Contract No. 2749, Heron's Head Park Improvement Project, with Yerba Buena Engineering & Construction, to increase the contract amount by $135,989 for betterments of the pathways and extend the substantial completion date to August 24, 2012. (Resolution No. 12-57)

D. Request authorization to execute an amendment to the design and engineering services contract with Gerwick/SDE JV for the Pier 43 Bay Trail Link Project to retroactively extend the contract duration by one year and to ratify staff's actions in furtherance of the contract amendment. (Resolution No. 12-58)

ACTION: Commissioner Brandon moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. Resolution Nos. 12-55, 56, 57 and 58 were adopted.

9. PLANNING & DEVELOPMENT

A. Informational update on status of Port infrastructure work, tenant relocation and other Port obligations under the Lease Disposition Agreement in preparation for the 34th America's Cup Events in 2012 and 2013.

Daley Dunham, Special Projects group – I'm presenting the project update for the 34th America's Cup in Brad Benson's absence. The last update the Commission heard was six weeks ago. In the interim there have been some

substantial developments. At the top of the list is the change in the movement on the lease disposition agreement. At the time of the last update there were a variety of opinions as to whether or not this was going to be executed before July 20. That's moved toward the optimistic end of the spectrum with both parties expressing a desire to get it executed by July 20, 2012.

I'm joined by a number of my colleagues here, many of whom contributed to the staff report you have in front of you. I'll start with the highlights for the overall project and then get into a little bit more detail on each of the venues that are going to be used on August 21, 2012 for the first world series event and how our preparations are going at those facilities.

As Executive Director Moyer mentioned, the steel erection at the cruise terminal is nearly complete. There will be a topping-out party next Tuesday after they put the last piece in place. In the interim, the fire at Pier 29 took place, which you just heard a detailed report on.

This update is different from the last as it contains a detailed list of the venue repairs that staff are making to a number of different facilities. As staff put together this list we prioritized those items that would address code deficiencies followed by those improvements that would have a lasting benefit to the Port as opposed to temporary tenant improvements and lastly the permitting environment for the overall project. Currently, there are no major permitting obstacles in front of us.

The three piers that are going to be used by America's Cup staff are Pier 23, Piers 30/32, and Pier 80. For Pier 23, the tenant relocations were completed this week so it's fully vacant. As of this morning the America's Cup Race management had intended to put their media center at least in part at the back part of the shed at Pier 23, they've now decided to take it all to Marina Green and stage most of the event there. The part of Pier 23 that will be utilized by America's Cup folks is the front bulkhead building for office purposes. The venue repairs there, all the electrical work has been a collaborative effort with them. That will be complete prior to July 20th and their move-in. Installation of the security fence has been completed, and further electrical improvements for egress lighting for fire purposes are underway.

Pier 30/32, the infrastructure work there continues to benefit from a reduced scope, which has come from successful value engineering. This project is on target both in terms of budget and schedule. We expect containers to start showing up at that location on August 6, 2012.

Pier 80, the work that's going on there to prepare for our upcoming events has to do with electrical improvements for egress lighting for fire exiting. That work is also underway. The dry-dock, which has moved since the last update and is now over at the Pier 50 maintenance shed where our maintenance crews are doing a great job of looking after it.

Commissioner Brandon – It's good to see that everything's going according to plan.

B. Informational presentation on Orton Development Inc.'s Proposal for the lease and rehabilitation of the 20th Street Historic Buildings within the 69-acre Pier 70 site, located near the intersection of 20th and Illinois Streets.

Kathleen Diohep, Port's Planning and Development group - I'm here to introduce the Orton Development team and their presentation. I wanted to briefly set in context where we are with Pier 70 as a whole. We undertook a master planning process that helped us decide a vision for the site, and then in 2010 the Port Commission directed us to move forward on three initiatives.

One of them was to bring in a master developer for the 25-acre waterfront site, which is a substantial new development, requires a lot of infrastructure in a long-term planning development and re-entitlement process. The second one was to look for a development partner for the 20th Street historic buildings. On February 28, 2012, this commission awarded that opportunity to Orton Development team. They're here to update the Commission and to provide their recommendations, their findings, and the uses that they recommend.

The plan we recommended was that these were top priority buildings. We wanted them to be kept and saved. Now we're coming forward with what this private developer sees, the viable uses, and how can we move forward, etc. This is an informational presentation to elicit comments from the Commissions and to initiate a process of public comment on this. Are these the right activities, the right uses, the way we imagine and we enliven this part of Pier 70?

The third initiative is the Crane Cove Park planning effort, which is another important piece of Pier 70. The Commission received an update on that project at the June meeting. We hope that in 2014, the new park and these buildings will be up and running and then we'll be well on our way to bringing up the rest of the site.

Eddie Orton - I'd like to thank the Port's Kathleen Diohep, Jonathan Stern, Mark Paez, Grace Park, David Beaupre, Danielle Borden, Byron Rhett, Jeff Bauer, Diane Oshima, Ed Burns and his engineering staff, and Director Moyer for their dispatch and vigor in pursuing this deal.

I'm Eddie Orton of Orton Development. I'm here with my colleagues James Madsen and Maria Holmes.

The Port Commission selected Orton Development and we feel very privileged to be selected because of our experience with similar projects. We specialize in large-scale office and industrial rehabilitation. We've been very fortunate to earn the confidence of some of our country's leading innovators.

expression of space in the entire project, you'll look through 16 feet of glass and read the building in its original grandeur.

James Madsen - The last two buildings that are part of the space are Buildings 115 and 116. We anticipate that those buildings are very well suited to light industrial mixed use and probably arts-related uses. These front the piazza as well. We have a number of public areas. 20th Street is designed to be a natural extension from the community. It's designed to be a very active, pedestrian-focused thoroughfare.

We are designing connections both to Crane Cove Park and through the atrium Eddie described into the piazza. The piazza is designed to be the soul of the project. It's supposed to be space for the public that will be a hub of activity. We anticipate the uses will change over the course of the day, but there will be arts, markets, fairs, happenings, and a place for the community to meet and recreate.

With respect to the timetable, we're moving forward at a very rapid pace. We want to thank staff for their help and their responsiveness thus far. We look forward to working with them over the next couple months to finalize the documentation required for a DDA and a lease. We hope to begin the actual fixing of the buildings by the end of this year or the beginning of next year.

Commissioner Katz – I want to thank you for the thought that has gone into this. We as San Franciscans are very proud of our historic tradition. It's nice to see the thought that's going into preserving these buildings. I know that was one of the highlights of our request was to find somebody that would understand the unique nature of these buildings. I appreciate all the thought that's gone into that.

Looking at your timetable, you indicated that you anticipate new tenants moving in in 2013. Was that accurate? Did I misread that somewhere?

Eddie Orton – In the fourth quarter of 2013, we could start moving in some tenants if we can get the paperwork done by the end of this year. Some of the buildings are more easily adaptable than others. We still have a few very important hurdles, one of which is sitting down with the Building Department and the Port's engineering inspection staff and make sure that we understand what can and cannot be built here. There are compromises that have to be agreed to. If we can make the buildings, we can return them to productive use starting in 2013.

Commissioner Katz - As part of your great listening tour, have there been any surprises or added insights that have come forward through that process?

Eddie Orton - We have been very heartened by the response. There are a lot of people who love this project and want to see it succeed. It reinforces some of the obvious, particularly the divorce between Pier 70 and the rest of the city and the need to broach that. That leads to a future conflict that we're kind of

mediating. The community has a desire to see spaces that are small enough that people who live in the Dog Patch in Potrero can actually put their businesses in there. To do that, we will have to create more doors and windows than exist now. That is going to impinge on some of the desires in some of the historic community. We do see this upcoming debate between maintaining the purity of the way the front of the building reads and our designers. We know what to do but sometimes we're overruled. That great listening tour has really shown that there's going to be coming up a discussion about some competing interests. I have been very supportive and open to the ideas. I'd say we're about halfway through it. We'll continue to amend and improve our design as we learn.

Commissioner Woo Ho - I would also commend you for the listening tour and listening to the community. My question would be more related in terms of actual people that would be interested in using the site. It's great to get the community support in the immediate area that they support buildings of this type and the use that you're suggesting but in terms of potential users and tenants, where do you stand in that?

You obviously cannot offer anything specific at this time, but what has been the interest level?

Eddie Orton - We have also been very heartened by the response from the market. The space is exciting. The question that rises in people's minds is can it be delivered? We've taken a lot of people on tour on other properties of ours. We're trying to remove that sense of doubt. As we remove that sense of doubt, the excitement about being at this location is palpable.

Commissioner Woo Ho - Do you think you'll build to suit requests?

Eddie Orton - Our next step is to build cold shell so that will allow us to have flexibility for the longest possible time. We're a superstitious company and I'll just say we'll smile more once in the file drawer. We're heartened.

Commissioner Woo Ho - I see nothing here for residential, so that would still not be on your agenda?

Eddie Orton - I believe there are other sites on the 60-acre parcel that have been suggested for residential, but ours does not include any except for the night watchman units.

Commissioner Katz – Have you actually completed the preparation of the CEQA documentation?

Eddie Orton - We completed the analysis and the approach. We're looking for some guidance here to see if we're going in the right direction. If we are, we have a deadline of the 19th to prepare some draft documents. Port staff has kindly offered to put them in a form that they feel will present well. We'll move

forward quite quickly on that but the strategy, the ideas, and the way we're going to approach it has been completed.

Commissioner Katz - You mentioned there are several buildings that are in significant state of disrepair. Has everything been done to shore them up so that we're not going to have any impending problems if anything falls down?

Eddie Orton - Some mitigation's in place. That's one of the reasons that the Port, the community, and we are moving so quickly so that we can fix those buildings once and not do a palliative that adds very little to the safety and adds nothing to the final project. One of the reasons why we're all pressurizing the situation is so that we can get in there and do that seismic mitigation properly the first time.

Commissioner Katz - I know a number of people have raised the idea that there might be some potential facilities that would lend themselves well to film production. I didn't hear anything mentioned or it looks like some of the buildings are going to be broken down into smaller spaces. Is there any opportunity or thought that's gone into a potential movie hangar?

Eddie Orton - We have had a lot of site scouts come through the building, and we are interviewing. My gut feeling is that the demand isn't sufficient to solely use this space for that use. There are enough wonderful, deeply San Franciscan entities, companies, organizations that can use this space in a denser and more important way. While we're investigating it, I don't have a lot of hope for it.

Commissioner Brandon - This is an exciting project. There was a time when we didn't know how we were going to preserve these buildings. I'm so happy that you stepped up and you're doing such a thorough job. I look forward to working with you and seeing the total picture and the outcome.

Commissioner Woo Ho - If you were trying to get some consensus from the commission, we feel this presentation helps to validate that you're on the right track and we're in agreement with you.

Eddie Orton- Thank you very much.

10. REAL ESTATE

A. Request approval of the Fiscal Year 2012-13 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates. (Resolution No. 12-52)

Jeffrey Bauer, the Port leasing manager - I'm seeking your approval of the item as read by the commission secretary. In 1993 the Port Commission delegated the authority to the executive director to engage in agreements such as leases, licenses, and MOUs. If those agreements met certain business parameters, the tenant would sign the Port's boilerplate lease. The rental rates would be

reflected in the approved Port Commission schedule. The real estate staff also provides the commission with a monthly report of this activity.

As we all know, the San Francisco office market is really strengthened. The first quarter of 2012 is on pace to continue to grow. Asking rents have increased as well. Demand along the waterfront has been steadily improving. Over the last 12 months we've executed about 70 agreements worth about $5 million annualized. This compares to same period last year: 78 agreements worth $3.2 million. A few less leases but larger dollar value. Our current office vacancy is 10.1 percent as opposed to the city average, which is 11 percent. The San Francisco industrial market stood at 8.75 percent. The Port's current vacancy for industrial is 5 percent. The Port's combined average vacancy rate for office and warehouse is 3.5 percent.

Following a review of the commercially available data, we are proposing to make changes to our rent schedule. We propose to increase rates at 401 Terry Francois, Pier 26, and Pier 28. Those are bulkhead and office buildings.

We'd also like to increase the warehouse and land rates, increase the floor covering rates to $5.00 a square foot, up from $3.50 a square foot. The Port has contracted with Keyser Marston Associates, a third-party consultant, to review the proposed FY 2012-13 Monthly Rental Rate Schedule and they confirmed our proposal and our results.

We have fairly high vacancy rates in parking, 24 percent, largely due to adding 97 parking stalls. However, the overall revenue is approximately $470,000, an increase of $87,000 over the same period of last year. We propose no changes in the special events and filming rates. We are requesting to save administrative time and Commission's time to grant fee waivers for Fleet Week, Madonna Del Lume, and the usual proposed reductions in events such as the small fishing gear swap meet, and Delancey Street Christmas tree lot.

Commissioner Brandon - I'd like to make note that we have not received the report yet.
Hopefully it is on its way.

Jeffrey Bauer - I will bring it to you personally.

Commissioner Woo Ho - Actually some of us have it.

Commissioner Brandon - We received the monthly sales and rent report. We haven't received the leasing report.

Jeffrey Bauer - I will personally deliver that.

Commissioner Woo Ho - We discussed this item at the last commission meeting, and some of us had discussions with staff. We've been thoroughly briefed on this item we're ready to approve it.

ACTION: Commissioner Brandon moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. Resolution No. 12-52 was adopted.

B. Request approval of Lease No. L-15150 with Ammunition, LLC for approximately 9,652 square feet of office space with a term of 52 months, located at 10 Lombard Street, Roundhouse Two, and subject to Board of Supervisors' approval. (Resolution No. 12-53)

Jeffery Bauer – Ammunition, a San Francisco-based company, currently employs about 60 persons. They're a sub-tenant at Round House 1, which is located at 1500 Sansome Street. They're a sub-tenant of MK Think, the master leaseholder.

In June they approached Port staff wishing to meet some of their space needs. We toured 10 Lombard, which is Round House 2. Negotiations have led to the development of the proposed Lease No. 15150, which is now before you and is subject to the Board of Supervisors. The lease provides for 9,652 square feet of office. The monthly rent is $22,260 or about $2.31 a square foot, which is somewhat higher than the proposed rate but it is a blended rate. The premises include the entire third floor and one office on the fourth floor.

The term of the lease is 52 months because that is co-terminus with their current master tenant's lease, MK Think, who has an option. If MK Think chooses not to exercise their option, Ammunition would like to assume the total of Round House 1 so we're more than willing to have that standby tenant.

The lease provides for 150-day rent abatement in which no rent will be paid. In consideration of this period, which is not part of the report, because of late negotiations we agreed to a one-time 60-day rent abatement extension at our sole discretion and only if for some reason the Port would hold up processing the building permit. There would be some unforeseen condition. We're requesting that now instead of getting there and having to come back and amend the lease later. Again, it's at the discretion of the executive director. The lease requires Ammunition to construct $289,000 of tenant improvements. Ammunition will have the one right to an exclusive negotiation for an additional five years for the space.

The lease is before the Commission because the term and the rent abatement exceed the criteria found in the Port Commission business parameters. All other terms and conditions are consistent with the business parameters. It also requires Board of Supervisor approval because the anticipated revenue is about $1.3 million. The net effective of the investment translates to $18.46 a square foot or $178,000 of net capital investment into Port property.

The Port will receive 100% lease efficiency for the third floor which translates into the Port receiving rent on 100% of the space.

ACTION: Commissioner Brandon moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. Resolution No. 12-53 was adopted.

C. Request authorization to execute a Mutual Termination Agreement with City Building Inc., a California Corporation, Lease No. L-14950 for Premises located at Pier 26 Annex. (Resolution No. 12-54)

Jeffrey Bauer – I'm requesting your approval of the item as read by the commission secretary. The property is located at Pier 26, adjacent to the Bay Bridge. City Building was the original developer of the space. IDEO followed suit. In 1994, these were the first kind of mini developments. City Building recently negotiated and executed a lease which reduced some of their space and subsequently rented that to IDEO. City Building desires to get out of their lease.

We have a policy where the executive director, at her discretion, can terminate a lease. However, the City Building lease is outside of that due to the amount of rent they pay. Rather than sub-lease or assign, IDEO requested a direct landlord relationship. IDEO is a top-tier tenant. They're currently paying the Port about $40,000 a month at their site.

They are a design and development firm. The terms and conditions are similar to City Building. The term is shorter. They're not co-terminus but we would expect to come back at some point to negotiate a new lease. IDEO has demonstrated the willingness to invest in Port property. To date they've invested about $3 million.

If this lease termination is approved and the subsequent lease is signed today, IDEO will invest another $200,000 into the space and make it what they consider user-friendly.

ACTION: Commissioner Brandon moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. Resolution No. 12-54 was adopted.

11. NEW BUSINESS

Commissioner Leslie Katz - I wanted to thank our staff for the work that they did in protecting the osprey at Pier 80. It's one of those feel-good stories and pleased that we're doing our part to work with endangered species.

12. PUBLIC COMMENT

13. ADJOURNMENT

ACTION: Commissioner Brandon moved approval to adjourn the open session; Commissioner Katz seconded the motion. All of the Commissioners were in favor.

Port Commission President Woo Ho adjourned the open session at 5:00 p.m. and the Commission reconvened in closed session.

At 6:13 p.m., the Commission withdrew from closed session and reconvened in open session.

Commissioner Brandon reported that the Commission unanimously approved settlement of the existing litigation matter described in Agenda Item 4(A)(1) and did not disclose any other information discussed in closed session.

The meeting was adjourned at 6:15 p.m.

SAN FRANCISCO PORT COMMISSION

Doreen Woo Ho, President
Kimberly Brandon, Vice President
Willie Adams, Commissioner
Leslie Katz, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax 415-274-0412

AGENDA

TUESDAY, AUGUST 14, 2012
1:45 P.M. CLOSED SESSION
3:15 P.M. OPEN SESSION

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO CA 94111

PLEASE NOTE THE DATE & TIME OF THE MEETING

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Port Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk. If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's Office located at Pier 1 during normal office hours.

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1. **CALL TO ORDER / ROLL CALL**

2. **APPROVAL OF MINUTES** – July 10, 2012

3. **PUBLIC COMMENT ON EXECUTIVE SESSION**

4. **EXECUTIVE SESSION**

   A. Vote on whether to hold closed session.

   An Executive Session has been calendared to discuss the following matters:

   (1) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative:***

a. Property: Pier 28½, submerged Bay lands and portions of the shoreline at the foot of 23rd Street
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development and Brad Benson, Special Projects Manager
*Negotiating Parties: Developer: Pacific Gas & Electric: Darin Polsley

Under Negotiations: ___Price ___ Terms of Payment X Both

PG&E has proposed to construct a new, single circuit transmission line between its Embarcadero Substation and its Potrero Substation to increase reliability of electric service to downtown San Francisco and provide operational flexibility. A portion of the line is proposed to be constructed on property owned by the Port pursuant to a license agreement between the Port and PG&E. In this executive session, the Port's negotiator seeks direction from the Port Commission regarding the price and terms of payment for PG&E's use of the Port's property. In particular, the executive session discussions will enhance the capacity of the Port Commission during its public deliberations and actions to set the price and payment terms that are most likely to maximize the benefits to the Port, the City and the People of the State of California and/or to more effectively negotiate the price and payment terms.

b. Property: Piers 30/32 and Seawall Lot 330
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development and Brad Benson, Special Projects Manager
OEWD: Jennifer Matz, Ken Rich, Tamsen Drew
*Negotiating Party: Golden State Warriors and GSW Arena LLC: Rick Welts, Jesse Blout, Michael Cohen

Under Negotiations: ____ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding price and/or terms of payment for the potential lease, disposition and development of real property interests in Piers 30-32 and Seawall Lot 330, including potential exclusive negotiating rights for such real property interests. In this executive session, the Port's negotiators seek direction from the Port Commission on rent structure, financing mechanisms and other factors affecting the form, manner and timing of payment of the consideration for the property interests. The executive session will enhance the capacity of the Port Commission during its public deliberations and actions to set the price and payment terms that are most likely to maximize the benefits to the Port, the City and the People of the State of California.

c. Property: Block 4111, Lots 3 and 4; Block 4110, Lot 1; Block 4046, Lots 1 and 2; also known as Pier 70 20th Street Historic Buildings, located near the intersection of 20th Street and Illinois
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development

*Negotiating Parties: Developer: Orton Development, Inc.: J.R. "Eddie" Orton III, President

Under Negotiations: ___Price ___ Terms of Payment _X_ Both
Pursuant to Resolution No. 12-18, the Port Commission awarded to the non-Port party an exclusive right to negotiate with the Port for the lease and development of the property. In this executive session, the Port's negotiator seeks direction from the Port Commission prior to commencing additional negotiations with the non-Port party. The Port intends to discuss the factors affecting the price and terms of payment for the development of the property. In particular, the executive session discussions will enhance the capacity of the Port Commission during its public deliberations and actions to set the price and payment terms that are most likely to maximize the benefits to the Port, the City and the People of the State of California and/or to more effectively negotiate with the non-Port party on price and payment terms.

5. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67-12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. ANNOUNCEMENTS

A. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting:

Please be advised that the ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.

B. Announcement of Time Allotment for Public Comments:

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE

A. Executive Director's Report
- Opening of Mission Rock Resort and Oyster Bar – August 10, 2012

- Forest City Opening Reception, "The Pier 70 Community: In its Own Words" exhibition by Wendy MacNaughton – August 15, 2012
- America's Cup World Series Events – August 21-26, 2012
- Demolition & Removal of Pier ½ - September 3, 2012
- San Francisco Giants will host the semi-final and final of the 2013 World Baseball Classic at AT&T Park – March 2013

B. Request approval to clarify that the Port Commission policy related to contracting authority delegated to the Executive Director is consistent with Chapter 6, Section 6.60 of the San Francisco Administrative Code with respect to emergency work, including the required approvals to execute emergency contracts. (Resolution No. 12-59)

8. CONSENT

A. Request authorization to execute an amendment to the design and engineering services contract with Gerwick/SDE JV for the Pier 43 Bay Trail Link Project increasing the contract by the sum of $46,572 for a total contract amount not to exceed $900,000. (Resolution No. 12-60)

9. PLANNING & DEVELOPMENT

A. Request authorization to enter into an Exclusive Negotiation Agreement with GSW Arena LLC, for the lease and development of Piers 30-32 bounded by the Embarcadero roadway and San Francisco Bay, and the sale or lease and development of SWL 330 bounded by the Embarcadero roadway, Beale and Bryant Streets (Resolution No. 12-61)

B. Request approval to establish a Citizen's Advisory Committee for the proposed project on Piers 30-32 and SWL 330 and authorize the Executive Director to appoint members to the Citizen's Advisory Committee, including a Chairperson. (Resolution No. 12-62)

C. Informational presentation regarding potential license agreement for PG&E Proposed ZA-1 Embarcadero-Potrero 230kV Transmission Project at Pier 28 ½ submerged Bay lands and portions of the shoreline at the foot of 23rd Street.

D. Informational update on status of Port infrastructure work, tenant relocation and other Port obligations under the Lease Disposition Agreement in preparation for the 34th America's Cup Events in 2012 and 2013.

10. MARITIME

A. Informational presentation regarding the new structure for South Beach Harbor Berthing Rates and Parking Management.

11. ENGINEERING

A. Second Informational Update on the June 20, 2012 Pier 29 Fire Damage and Port response.

12. REAL ESTATE

A. Informational presentation regarding Lease No. L-15169 with Autodesk, Inc. a Delaware Corporation, for approximately 8,391 square feet of office space and unimproved shed space with a term of 66 months, located at Pier 9 at the foot of Broadway and The Embarcadero.

B. Request authorization to issue Request for Proposals for a Restaurant Opportunity Site located at 295 Terry A. Francois Boulevard, near Pier 48. (Resolution No. 12-63)

13. NEW BUSINESS

14. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

15. ADJOURNMENT

FORWARD CALENDAR (Targeted Commission Meeting, Subject to Change)

- Informational report on the Port's Final Biennial Operating and Capital Budgets for Fiscal Years 2012-13 and 2013-14 (September 11, 2012)
- Accept the Port's bi-annual contracting report from January 1, 2012 to June 30, 2012 (September 11, 2012)
- Informational presentation on the issuance of a Request For Qualifications (RFQ) for a Cruise Terminal Passenger Operations and Conference and Special Events Management Agreement at the Pier 27 James R. Herman Cruise Terminal (September 11, 2012)
- Informational presentation on the status of the Pier 70 Master Plan Implementation (September 11, 2012)
- Request approval of Fiscal Year 2012-13 Executive Director Salary (September 11, 2012)
- Request approval of Federal Cost Sharing Agreement between the Port of San Francisco and the U.S. Army Corps of Engineers for study of the Central Basin Dredge Project (September 11, 2012)
- Request approval of Term Sheet with Orton Development Inc. for rehabilitation of the Pier 70 20th Street Historic Buildings (20th Street east of Illinois Street) (September 11, 2012)
- Request authorization to issue a Request for Proposals for Master Tenant Opportunity at Pier 38 (September 11, 2012)
- Request approval of Lease No. L-15169 with Autodesk, Inc. a Delaware Corporation, for approximately 8,391 square feet of office space and unimproved shed space with a term of 66 months, located at Pier 9 at the foot of Broadway and The Embarcadero (September 11, 2012)
- Informational update on the Port's Real Estate portfolio (September 25, 2012)
- Informational update on implementation of the People Plan for San Francisco Fleet Week (September 25, 2012)
- Informational presentation of public process to carry out San Francisco Bay Conservation and Development Commission (BCDC) planning studies as required by BCDC Special Area Plan Amendment for the Pier 27 Cruise Terminal and Northeast Wharf and 34th America's Cup Projects (September 25, 2012)
- Informational presentation on the San Francisco Fire Department Earthquake Safety and Emergency Response Bond Improvement Project at Pier 22½ (September 25, 2012)
- Request approval of a resolution accepting the redesign of Jefferson Street as sponsored by the Department of Public Works, and relocation of a J.C. Decaux kiosk near Hyde Street; project is the five blocks of Jefferson Street between Powell and Hyde Streets in Fisherman's Wharf (September 25, 2012)
- Request authorization to expand Foreign Trade Zone No. 3 Alternative Site Framework (ASF) Service Area to include additional Bay Area Counties (September 25, 2012)
- Request authorization to amend Foreign Trade Zone No. 3 Zone Schedule (tariff) (September 25, 2012)
- Request approval of new structure for South Beach Harbor Berthing Rates and Parking Management (September 25, 2012)

- Request approval of a proposal by the Black Rock Arts Foundation to extend the Port Commission approved temporary installation of public art located near Mission Street on the east side of The Embarcadero, on the plaza between the Agriculture Building and Pier 14, by seven months until May, 2013, with option for a further six month extension (September 25, 2012)
- Request authorization to advertise for Request for Proposals for hazardous waste disposal services (October 9, 2012)
- Request authorization to advertise for competitive bids for the Pier 50 Maintenance Storage Shed, Contract No. 2750 (November 13, 2012)
- Informational presentation on the status of yellow tagged Port facilities (Date to be determined)
- Request approval to enter into agreements with the San Francisco Municipal Transportation Agency and the regional bike share program operator to use Port property for the Bay Area Regional Bike Share Pilot Program (Date to be determined)
- Request approval of resolution recommending that the Board of Supervisors form a City and County Infrastructure District No. 2 and adopt the Infrastructure Financing Plan included in Appendix C which will capture tax increment from the Seawall Lot 351 project (commonly known as the 8 Washington Street project) for site open space improvements, the Cruise Terminal project, under-pier utilities and pier substructure repairs; and authorizing the Port's Executive Director to enter into a Memorandum of Understanding with the City and County of San Francisco acting through the Controller's Office to implement the District (Date to be determined)
- Request authorization to award Construction Contract No. 2723, Pier 70 Building 113 Stabilization (Date to be determined)
- Request authorization to award As-Needed Engineering and Related Professional Services (Date to be determined)

COMMUNICATIONS TO THE PORT COMMISSION
FROM JULY 6, 2012 TO AUGUST 9, 2012

- From Port staff, letter regarding Update on Cruise Ship Discharge Report Program
- From Professional & Technical Engineers Local 21, AFL-CIO, copy of Twenty One, IFPTE Local 21 Quarterly Publication
- From Matthew O'Grady, San Francisco Parks Alliance, regarding the 2012 Clean and Safe Neighborhood Parks Bond
- From Jesus Ramos, regarding South Beach Harbor Marina
- From John deCastro, regarding South Beach Harbor Marina
- From John Mastory, regarding South Beach Harbor Marina
- From Paul Irving, Milken Institute, copy of the report entitle, *Best Cities for Successful Aging*

SEPTEMBER/OCTOBER 2012
CALENDAR OF UPCOMING PORT MEETINGS – OPEN TO THE PUBLIC

DATE	TIME	GROUP	LOCATION
SEPT. 11	2:00 p.m. Closed Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
	3:15 p.m. Open Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
SEPT. 25	2:00 p.m. Closed Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
	3:15 p.m. Open Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
OCT. 9	2:00 p.m. Closed Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
	3:15 p.m. Open Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
OCT. 23	2:00 p.m. Closed Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.
	3:15 p.m. Open Session	Port Commission	Port Commission Hearing Room @ the Ferry Bldg.

NOTES:
The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com. The Port Commission meetings can be viewed online at http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=92. The Port Commission meetings are also broadcasted on the 2nd & 4th Thursday of the month at 9 p.m. on Comcast Cable Channel 26 or Astound Cable Channel 78 (formerly RCN Cable). Contact Amy Quesada at 274-0406 or amy.quesada@sfport.com

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Rip Malloy @ 274-0267 or rip.malloy@sfport.com

The Maritime Commerce Advisory Committee (MCAC) meets every other month, on the third Thursday of the month, from 11:30 a.m. to 1:00 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets on the second Thursday of the month at 5:00 p.m. in the Creek Room at Mission Creek Senior Building located at 225 Berry Street in San Francisco (along the Promenade just beyond the library.) Contact Catherine Reilly at the former Redevelopment Agency @ 749-2516 or catherine.reilly@sfgov.org

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jonathan Stern @ 274-0545 or jonathan.stern@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david.beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

ACCESSIBLE MEETING INFORMATION POLICY

FERRY BUILDING:
The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots: 3 spaces in the surface lot on the west side of the Embarcadero at Washington Street.

Hourly and valet parking is available in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa. Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:
Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Sections 67.1 et seq. of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Chris Rustom by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Rustom or by printing Sections 67.1 et seq. of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine.

NOTICES

Prohibition of Ringing of Sound Producing Devices:
The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:
Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

August 9, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Willie Adams
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval to clarify that the Port Commission policy related to contracting authority delegated to the Executive Director is consistent with Chapter 6, Section 6.60 of the San Francisco Administrative Code with respect to emergency work, including the required approvals to execute emergency contracts

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

EXECUTIVE SUMMARY

The purpose of this staff report and accompanying resolution is to clarify that the Port Commission policy for contracting authority delegated to the Port's Executive Director conforms to San Francisco Administrative Code, Chapter 6, Article IV, section 6.60, which authorizes the Board of Supervisors to declare an emergency and direct any department head to perform any repair or other emergency work in a manner the Board determines to be in the best interests of the City.

On September 10, 1980, the Port Commission established through Resolution No. 80-99 a *Grant of Operating Authority.* This policy delegated to the Port Executive Director contracting authority to establish "encumbrances and modifications of existing encumbrances not in excess of $50,000" within budget limits. Resolution No. 80-99 specifies that "such encumbrances may be applied to purchases for capital, travel and promotion, and other operating expenses." Resolution No. 80-99 restricted the Executive Director's authority to execute contracts involving the encumbrance or expenditure of Port funds in excess of $50,000, unless the Executive Director has obtained approval of such contract from the Port Commission. In August of 2010, through Resolution No. 10-60, the Port Commission increased the Executive Director's delegation of authority for public works and related contracts from $50,000 to $400,000 and for professional services

THIS PRINT COVERS CALENDAR ITEM NO. 7B

contracts from $50,000 to $100,000, consistent with the San Francisco Administrative Code and the practice of other City departments. The Port Commission's resolutions related to delegated authority for contracting do not specifically address emergency work. The attached resolution updates the Port Commission's contracting policy to clarify that the Port's Executive Director has delegated contracting authority to address emergencies consistent with the procedures set forth in the Administrative Code.

DISCUSSION

San Francisco Administrative Code, Chapter 6, Article IV, Section 6.60 provides procedures for department heads addressing declared emergencies to execute the necessary contracts without the requirements of the competitive bidding process and certain other contracting requirements. The competitive bidding requirement, while a best practice to ensure competitive pricing and fair competition, takes several months to complete. The City's standard contracting procedures also include requirements that advance important policy goals, such as local business participation and local hiring programs. Administrative Code Section 6.60 waives the requirements of competitive bidding as well as other contracting requirements in Chapters 12A, 12B, 12C and Chapter 14B because the standard contracting process does not allow for an immediate response to an emergency situation.

Administrative Code Section 6.60 provides that the Board of Supervisors may declare an emergency and may direct any department head to perform any repair or other emergency work in any manner the Board determines to be in the best interests of the City and County of San Francisco. Emergencies are defined as an "actual emergency", meaning a sudden, unforeseeable and unexpected occurrence involving a clear and imminent danger, demanding immediate action to prevent or mitigate loss of or damage to, life, health, property or essential public services. The approvals required for department heads to execute contracts for emergency work are as follows:

- If the estimated cost of the emergency work is less than or equal to $250,000, the department head may proceed with the work without additional approvals.
- If the estimated cost of the emergency work exceeds $250,000, the department head, prior to authorizing the commencement of the work, must first secure the approval in writing of the Mayor or the Mayor's designee or the president of the board or commission concerned as appropriate to the department.
- For all cases where the cost of the emergency work exceeds $250,000, the department head must obtain the approval of the Board of Supervisors.

Pier 29 Fire

After the 4-alarm fire severely damaged Pier 29, including the bulkhead portion of the building fronting The Embarcadero and the roof, the Executive Director of the Port determined that an actual emergency existed as a result of the Pier 29 fire and the President of the Port Commission authorized the Executive Director to execute work to mitigate an unsafe condition in Pier 29. Board of Supervisors Resolution No. 257-12 declared an emergency for the fire at Pier 29, approved emergency contracts entered into by the Port, and directed the Port to take all necessary and appropriate measures to

perform repair work to Pier 29 in accordance with the process provided in Administrative Code Section 6.60.

Pursuant to the June 21, 2012 authorization from President Woo Ho, (i) the initial emergency work to mitigate the unsafe condition and repair utility facilities located in Pier 29 is being performed by Turner Construction Company, the Construction Manager/General Contractor (CM/GC) for the Cruise Terminal project being constructed at the adjacent Pier 27, on a time and materials basis at an estimated cost of approximately $1,300,000, and (ii) architectural and engineering services to guide the demolition and shoring work are being provided by Creegan + D'Angelo, a structural engineering firm in the Port's competitively selected as-needed pool of architectural and engineering firms, at an estimated cost of approximately $180,000.

RECOMMENDATION

Approve the attached resolution to clarify that the Port Commission policy for contracting authority delegated to the Executive Director is consistent with Chapter 6, Article IV, Section 6.60 of the San Francisco Administrative Code with respect to emergency work, including the required approvals to execute emergency contracts.

Prepared by: Elaine Forbes, Deputy Director
Finance and Administration Division

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 12-59

WHEREAS, The Port of San Francisco is a department within the City and County of San Francisco required to comply with the Administrative Code as adopted by the Mayor and the Board of Supervisors; and

WHEREAS, Pursuant to Section B3.581 of the City Charter, the Port Commission may confer on the Port Director (Executive Director) such powers and authority "as it may see fit;" and

WHEREAS, On September 10, 1980, the Port Commission adopted Resolution No. 80-99 delegating to the Executive Director the authority to execute contracts involving the encumbrance of Port funds not to exceed $50,000; and

WHEREAS, On August 19, 2010, the Port Commission adopted Resolution No. 10-60, increasing the Executive Director's contracting authority for (i) contracts for public works or improvements or professional services related to public works or improvements up to the Threshold Amounts provided in Administrative Code Sections 6.3(A) and 6.1(M), as amended from time to time; and (ii) non-public works-related professional services up to $100,000; and

WHEREAS, The Port Commission has not adopted specific delegated authority policies related to emergency work; and

WHEREAS, The Port Commission desires to clarify that the Port should increase efficiency in executing contracts to address emergencies as provided for in Chapter 6, Article IV, Section 6.60 of the Administrative Code; now therefore be it

RESOLVED, That the San Francisco Port Commission hereby authorizes the Port Executive Director to execute contracts for emergency work consistent with the procedures established in San Francisco Administrative Code, Chapter 6, Article IV, section 6.60; and be it further

RESOLVED, That all actions taken to date by Port staff to secure emergency contracts in connection with the 4-alarm fire at Pier 29 on June 20, 2012, are hereby ratified.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of August 14, 2012.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

August 9, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Willie Adams
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director

SUBJECT: Request authorization to execute an amendment to the design and engineering services contract with Gerwick/SDE JV for the Pier 43 Bay Trail Link Project increasing the contract by the sum of $46,572 for a total contract amount not to exceed $900,000

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Introduction:

Port staff requests Port Commission authorization to execute an amendment to the design and engineering services contract with Gerwick/SDE JV (the consulting engineer) for the Pier 43 Bay Trail Link Project (the "Project) to add services and increase the contract amount by $46,572, to a not to exceed total contract amount of $900,000. This amendment is necessary to compensate the consulting engineer to review proposed design changes of the construction contractor, Vortex Marine Construction ("Vortex"). Port staff and the consulting engineer have received Vortex's proposals to modify the design of the wharf deck, as a means to either shorten the remaining project duration or reduce the remaining project costs. With Commission approval, Port staff will authorize Gerwick/SDE to proceed with further review of the proposed design changes as additional contract services on a time and material basis with a not to exceed amount for each task.

Background:

The Port Commission, at its meeting on October 13, 2009, authorized staff to award a design and engineering services contract to the firm Gerwick/SDE JV for final design and construction support for the Pier 43 Bay Trail Link Project in an amount of $728,300 (the "Gerwick/SDE Contract"). The Port Commission also authorized staff to increase the contract amount through contract modification, as necessary for unanticipated contingencies, by an additional sum of $72,830 (10%) for a total contract amount of $801,130 (Port Commission Resolution 09-61).

THIS PRINT COVERS CALENDAR ITEM NO. 8A

On April 12, 2011, the Port Commission authorized staff to execute an amendment to the Gerwick/SDE Contract, by increasing the contract amount by the sum of $106,945 to a total of $853,428, for unanticipated additional design services required primarily by regulatory specified changes to the project scope. The Port Commission also authorized staff to increase the contract amount as necessary for future unanticipated contingencies, by an additional sum of $10,770, for a total amount not to exceed $864,198.

At the Port Commission meeting on July 10, 2012, the Port Commission authorized staff to execute a contract amendment to extend the contract duration to December 30, 2012.

The current amount of the Gerwick/SDE Contract is $853,428 and remaining authorized contingency is $10,770. Port Staff are now requesting authorization to execute a contract amendment for additional design support during construction in an amount not to exceed $46,572, for a total not to exceed contract amount of $900,000. This requested amount includes $10,770 of the remaining authorized contingency and $35,802 of additional funds. The additional monies will primarily compensate Gerwick/SDE JV to review the general contractor's proposed changes to the approved design of the wharf deck.

The construction Project is significantly behind schedule and there are certain disputes between the Port and Vortex. In an effort to shorten the duration of the remaining construction, Vortex has proposed changes to the Project design including incorporation of precast concrete elements into the wharf deck. To evaluate feasibility and possible advantages of the proposed changes, assure compliance with design intent, and, approve any such proposal, Port staff require additional services of the Engineer of Record, Gerwick/SDE JV. These additional services are expected to include the following: constructability review, structural engineering review, independent structural calculations, design drawing and shop drawing review, inspection/testing recommendations, and structural observation during construction. Port staff expect the proposed increase in contract funding should be sufficient to cover required services provided the Contractor's proposals comply with industry standards.

Local Business Enterprise (LBE) Participation
The LBE subcontractor participation goal for this project is 21% as established by the San Francisco Human Rights Commission. The original approved Gerwick/SDE Contract included an LBE participation of 26.5%. The current LBE participation is 26.8%. Additional monies associated with this proposed contract amendment will primarily compensate the prime consultant, Gerwick/SDE JV, due to the nature of the work, however, overall LBE participation is forecast to remain above 26.5%.

Civil Service Commission
The Civil Service Commission approved the Personal Services Contract (PSC) for design and engineering consulting services for this Project on July 6, 2009, for an amount of $600,000 and duration of 10/23/2009 to 9/30/2012 (4003-09/2010). On October 28, 2009, a PSC modification to increase the amount to $802,000 was approved. On April 18, 2011, a modification to increase the contract amount to $864,200 was approved. As previously reported, Port staff are in the process of seeking

administrative approval to extend the services duration from 9/30/2012 to 12/30/2012. Staff will now also seek administrative approval to increase the contract amount to $900,000, which represents 150% of the original personal services contract amount, the maximum permitted without a hearing before the Civil Service Commission.

Table 1: Executed and Proposed Contract Amendments

	Amend. Amount	Total Contract Amount	% change from original	Notes
Original Contract	N/A	$728,300		Includes final design, engineering & construction support
1st Amendment	$20,617	$748,917	2.8%	Add scope for homeland security lighting & ADA improvements (+$31,168), and credit back for geotechnical borings (-$10,551)
2nd Amendment	($2,434)	$746,483	2.5%	Add scope for additional wharf areas (+$105,266) & remove construction support (-$107,700)
3rd Amendment	$106,945	$853,428	17.2%	Add construction support ($107,700), add scope for design of revised railing and event power supply ($9,305), & remove wharf design complexity task (-$10,060)
4th Amendment	$ 0	$853,428	-	Extend contract duration to December 30, 2012
Proposed 5th Amendment	$46,572	$900,000	23.6%	Evaluate/review construction Contractor's proposed design changes to approved design.

Funding:
Additional funds are available in the project contingency for the requested amendment. The funding source will be the 2008 Clean and Safe Neighborhood Parks Bond.

Schedule:
The construction is significantly behind schedule. Originally scheduled to be substantially complete by the end of July, 2012, the Contractor is currently approximately 60% complete with a forecast for substantial completion in December, 2012. According to the Contractor, proposals to accelerate the remaining construction could bring the Project to substantial completion by the middle of October, 2012. However, services of the consulting engineer are necessary to evaluate the validity of these proposals.

Summary:

Port staff requests that the Port Commission authorize staff to execute an amendment to the design and engineering services contract with Gerwick/SDE JV for the Pier 43 Bay Trail Link Project (the "Project) to increase the contract by the sum of $46,572 for a total contract amount not to exceed $900,000. The primary purpose for these additional funds is to review the Contractor's proposed modifications to the approved Project design, evaluate feasibility of the modifications as well as potential time and cost savings for the remaining construction.

Prepared by: Steven Reel, Project Manager
Engineering

For: Ed Byrne, Chief Harbor Engineer
Engineering

Elaine Forbes, Deputy Director
Finance & Administration

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 12-60

WHEREAS, on October 13, 2009, the Port Commission authorized the award of the design and engineering services contract for the Pier 43 Bay Trail Link Project (the "Project") to Gerwick/SDE JV in the amount of $728,300 (Port Commission Resolution 09-61); and

WHEREAS, on that same date, the Port Commission further authorized Port staff to increase the Gerwick/SDE JV contract (the "Contract") amount through change order or contract modification, as necessary for unanticipated contingencies, by an additional sum of $72,830 (10% of $728,300) for a total contract amount of $801,130; and

WHEREAS, on April 12, 2011, the Port Commission authorized Port staff to increase the Contract amount to $853,428 and further authorized Port staff to increase the Contract amount through contract modification, as necessary for unanticipated contingencies, by an additional sum of $10,770 for a total contract amount of $864,198 (Port Commission Resolution 11-18); and

WHEREAS, on July 10, 2012, the Port Commission authorized Port staff to extend the contract duration to December 30, 2012 (Port Commission Resolution 12-58); and

WHEREAS, Port staff now require additional services from Gerwick/SDE to review and evaluate proposals of the construction Contractor to modify the approved Project design for purposes of reducing construction time and/or saving construction money; and

WHEREAS, the specific scope of services needed from Gerwick/SDE is not yet known; however, Port staff estimate that the sum of $46,572 should be sufficient to fund the required services; and

WHEREAS, Port staff will seek administrative approval from the Civil Service Commission staff to increase the Personal Services Contract, PSC 4003 – 09/10, from $864,000 to $900,000; and

WHEREAS, while the existing Contract includes a Local Business Enterprises sub-consultant participation goal of 21%, Gerwick/SDE JV is currently exceeding that goal and with consideration of the proposed amendment, LBE participation is projected to be 26%; now, therefore be it

RESOLVED, that the Port Commission hereby authorizes Port staff to execute a fifth amendment to the Contract with Gerwick/SDE JV for design and engineering services for the Pier 43 Bay Trail Link Project to increase the contract amount by a sum not to exceed $46,572, to a total sum of $900,000.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of August 14, 2012.

_____

Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

August 9, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Willie Adams
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director

SUBJECT: Request authorization to enter into an Exclusive Negotiation Agreement with GSW Arena LLC, for the lease and development of Piers 30-32 bounded by the Embarcadero roadway and San Francisco Bay, and the sale or lease and development of SWL 330 bounded by the Embarcadero roadway, Beale and Bryant Streets

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

EXECUTIVE SUMMARY

This staff report requests authorization to enter into an Exclusive Negotiation Agreement ("ENA") for Piers 30-32 and Seawall Lot 330 (the "Site") with GSW Arena LLC ("GSW"), a wholly owned subsidiary of GSW Sports LLC and an affiliate of the entity that owns the Golden State Warriors basketball team ("Warriors"), to build a new privately financed state-of-the-art multi-purpose facility capable of being used as an event venue and for other public assembly uses, including conventions, Warriors' home games and other purposes, together with related public infrastructure, public access improvements and other improvements (the "Project"). The Site is shown in Exhibit A.

During the exclusive negotiating period, Port and Office of Economic and Workforce Development ("OEWD") staff intend to work with GSW to define the proposed development concept and develop a feasible economic structure for consideration by the Port Commission and the Board of Supervisors.

THIS PRINT COVERS CALENDAR ITEM NO. 9A

BACKGROUND

On May 22, 2012, Mayor Edwin M. Lee and the Warriors announced a proposal to build the proposed Project in time for the 2017 basketball season.

On May 29, 2012, the Port Commission adopted Resolution No. 12-48, designating OEWD as the lead negotiator for the proposed Project, among other designated projects, to act in coordination with Port staff and at the direction of the Port Commission.

On June 12, 2012, the Board of Supervisors adopted Resolution 236-12: 1) endorsing sole source negotiations with GSW for development of a multi-purpose facility and other improvements at the Site; 2) requiring OEWD and the Port to engage in outreach to affected and interested neighbors, community members and other stakeholders to ensure that the proposed Project is designed with maximum public input; 3) urging OEWD and the Port to work closely with State agencies having jurisdiction over any of the Site, including the State Lands Commission and the San Francisco Bay Conservation and Development Commission ("BCDC"), to develop the project description; and 4) taking other related actions.

On June 12, 2012, the Port Commission adopted Resolution 12-50: 1) endorsing sole source negotiations by City and Port staff with GSW for the proposed Project at the Site; 2) authorizing staff to negotiate an ENA with GSW for the proposed Project; and 3) taking related actions.

EXCLUSIVE NEGOTIATIONS PROCESS

The ENA is the agreement between the parties governing how the required agreements will be negotiated. It specifies time frames and milestones for Port Commission, Planning Commission and Board of Supervisors review and approval. It also specifies negotiations fees and recovery for Port and City costs, subject to an agreed upon cap.

The Port Commission, by approving the ENA, is not approving the Project, nor committing either party to the proposed Project. Rather, the ENA establishes the parameters for consideration of a project.

During the ENA period, the following events are anticipated to occur:

- The parties will develop the proposed Project development proposal based on extensive due diligence and community input.
- The parties will negotiate a term sheet for Port Commission and Board of Supervisors endorsement.
- GSW, in coordination with City staff, will complete the Project approval processes, including Project review by the State Lands Commission and BCDC, and any required environmental review.

- GSW will complete due diligence review of the Site, finalize financial projections and complete preliminary site plans, including elevations and renderings for the Site.
- GSW and City staff will negotiate a lease disposition and development agreement ("LDDA"), a lease for Piers 30-32, a purchase and sale agreement or lease for SWL 330, and related documents (collectively, the "Transaction Documents"), incorporating specific terms, including the Port's and GSW's respective responsibilities, the economic parameters, development standards and requirements, and a performance schedule. The Transaction Documents are subject to Port Commission and, as applicable, Board of Supervisors approval following environmental review.

The ENA establishes time and performance benchmarks including provisions for extensions and termination for non-performance. The ENA anticipates a two year term expiring on June 30, 2014, with a one year extension period. Exhibit B shows the performance benchmarks and schedules included in the ENA.

FINANCIAL TERMS OF THE ENA

For the right to pursue the proposed Project, the Port imposes a negotiating fee of $25,000 per quarter in FY 2012-13, payable in advance on or before the first day of each calendar quarter, and $100,000 for FY 2013-14, contingent on and payable when project entitlements are received. A $25,000 extension fee is required to extend the ENA term for one year.

Subject to a cap of $930,000 the first year of the ENA term and $805,000 the second year, GSW will fund Port and City costs associated with project planning and review on the terms described in the ENA. Exhibit C summarizes the key terms of the proposed ENA.

RECOMMENDATION

Port staff recommends approval of the ENA for the Site with GSW.

Prepared by: Brad Benson, Special Project Manager

For: Monique Moyer, Executive Director
Byron Rhett, Deputy Director
Planning & Development
Jennifer Matz, Director of
Waterfront Development, OEWD
Ken Rich, Project Director, OEWD

Exhibits

A. Location Map
B. Performance Benchmarks
C. ENA Key Terms

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 12-61

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and

WHEREAS, The City and County of San Francisco (the "City"), acting by and through the Port Commission (the "Port"), owns approximately 13 acres at Piers 30-32 located on the east side of The Embarcadero at Bryant Street ("Piers 30-32") and approximately 2.3 acres of undeveloped land at Seawall Lot 330 located on the west side of The Embarcadero between Beale and Bryant Streets ("SWL 330") (together, Piers 30-32 and SWL 330 are referred to in this resolution as the "Site"); and

WHEREAS, GSW Arena LLC ("GSW"), a wholly owned subsidiary of GSW Sports LLC and an affiliate of the entity that owns the Golden State Warriors basketball team (the "Warriors"), wishes to build a new privately financed, state-of-the art multi-purpose facility capable of being used as an event venue and for other public assembly uses, including conventions, Warriors' home games and other purposes, in San Francisco, together with related public infrastructure, public access improvements and other improvements (the "Project"), in time for the beginning of the 2017 National Basketball Association ("NBA") season; and

WHEREAS, On May 29,2012, the Port Commission adopted Resolution No. 12-48, designating OEWD as the lead negotiator for the proposed Project, among other designated projects, to act in coordination with Port staff and at the direction of the Port Commission; and

WHEREAS, On June 12, 2012, the Board of Supervisors adopted Resolution 236-12: 1) endorsing sole source negotiations with GSW for development of a multi-purpose facility and other improvements at the Site; 2) requiring the Office of Economic and Workforce Development ("OEWD") and the Port to engage in outreach to affected and interested neighbors, community members and other stakeholders to ensure that the proposed Project is designed with maximum public input; 3) urging OEWD and the Port to work closely with State agencies having jurisdiction over any of the Site, including the State Lands Commission and the San Francisco Bay Conservation and Development Commission ("BCDC"), to develop the project description; and 4) taking other related actions; and

WHEREAS, On June 12, 2012, the Port Commission adopted Resolution 12-50: 1) endorsing sole source negotiations by City and Port staff with GSW for the proposed Project at the Site; 2) authorizing staff to negotiate an Exclusive Negotiation Agreement ("ENA") with GSW for the proposed Project; 3) urging OEWD, the Port and GSW to engage in outreach to affected and interested neighbors, community members, tenants, industry partners and stakeholders; 4) urging OEWD and the Port to work closely with state agencies having jurisdiction over waterfront development, including the State Lands Commission and BCDC; 5) urging OEWD, in cooperation with the Port Director and with the assistance of Port staff, the City Attorney's Office and other City officials as appropriate, to make evaluation of the proposed Project among its highest priorities; and 6) acknowledging that the City may commence environmental review of the proposed Project under CEQA if and when the Board of Supervisors makes the required findings of fiscal feasibility and responsibility under Administrative Code Chapter 29; now therefore be it

RESOLVED, That the Port Commission authorizes the Executive Director or her designee to execute the ENA and any additions, amendments or other modifications thereto that are necessary and advisable to complete the ENA consistent with the terms and conditions set forth in the Staff Memorandum and in a form approved by the City Attorney; and be it further

RESOLVED, That the Port Commission hereby authorizes the Director of Waterfront Development, OEWD or her designee, to waive or extend the times established in the ENA for performance of specific objectives under the ENA on the terms specified in the ENA; and be it further

RESOLVED, That the Port Commission reserves the right, if negotiations with GSW are unsuccessful and do not lead to approval of a lease disposition and development agreement, a lease for Piers 30-32, a purchase and sale agreement or lease for SWL 330 and related documents, to undertake other efforts, which may include determining no project will be pursued, selecting a developer by any other means, and issuing a new development solicitation at the Port Commission's sole discretion; and be it further

RESOLVED, That entering into the ENA with GSW begins a process of defining a project for the Site consistent with the Waterfront Land Use Plan, the BCDC Special Area Plan for the San Francisco Waterfront and the public trust for commerce, navigation and fisheries, and the proposed Project will evolve through the extensive public review process through changes to the mix of uses, the intensity of development, or other fundamental terms, all leading to a final project proposal to be submitted to the Port Commission for review and approval; and be it further

RESOLVED, That the ENA does not commit the Port Commission to approval of any specific development concept or project proposal, nor does the ENA foreclose the possibility of alternative development concepts, mitigation measures, or deciding not to grant entitlements or approve the lease and development of Piers 30-32 and the sale or lease and development of SWL 330; and be it further

RESOLVED, That entering into exclusive negotiations does not commit the Port Commission to approval of a final lease disposition and development agreement, lease for Piers 30-32, purchase and sale agreement or lease for SWL 330 or related documents, and that the Port Commission shall not take any discretionary actions committing it to the proposed Project until it has reviewed and considered environmental documentation prepared in compliance with the California Environmental Quality Act (CEQA).

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of August 14, 2011.

_____

Secretary

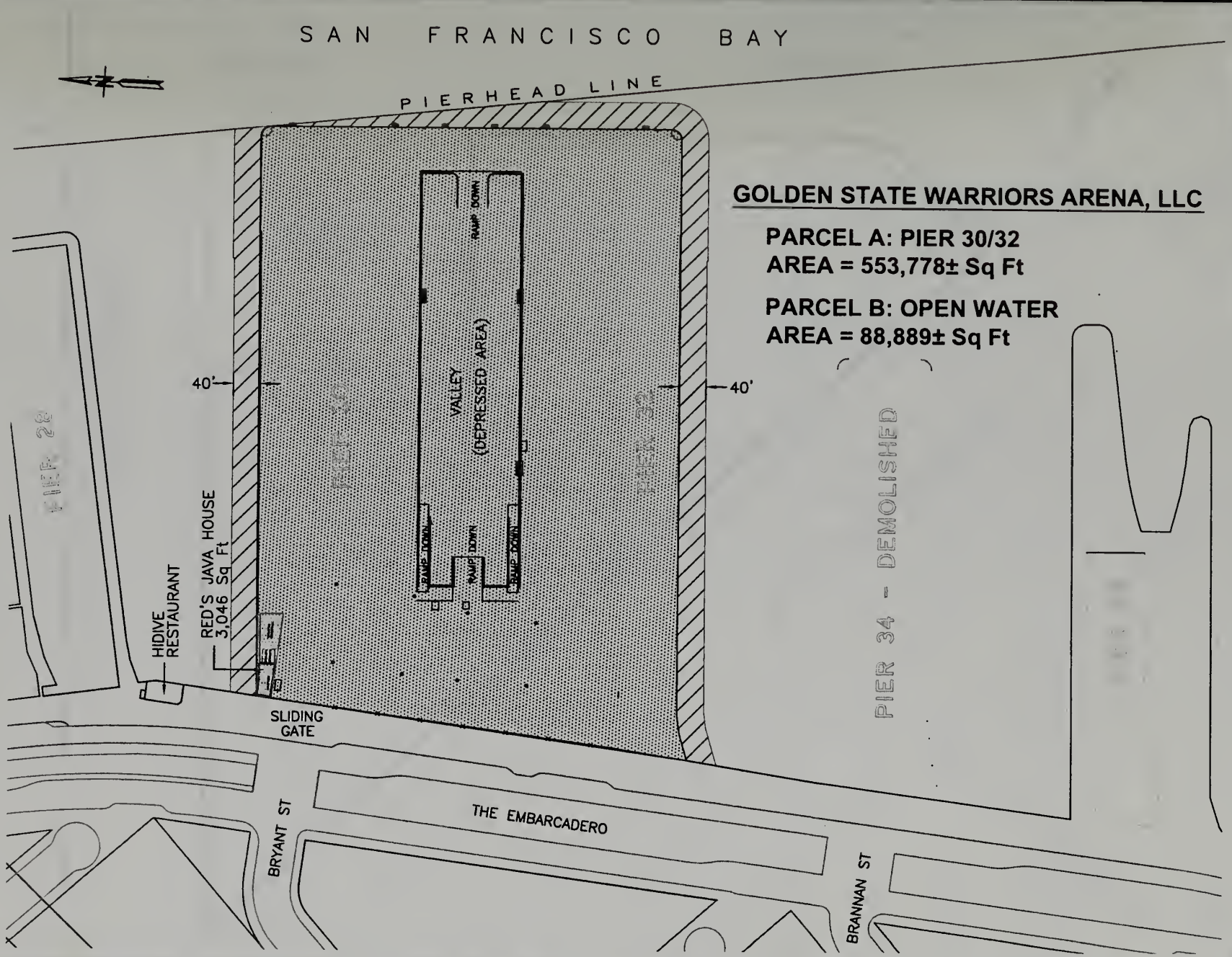

EXHIBIT A

INITIALS: PORT: _____ LICENSEE: _____ DATE: _____

LICENSE NO.	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	LICENSEE **GOLDEN STATE WARRIORS ARENA, LLC**	DRAWN BY: ECC, AMN CHECKED BY: B. BENSON PLACE CODE NO. 1300-00 DATE: JUN 15, 2012 SCALE: 1" = 150' SHEET NO. OF SHEETS

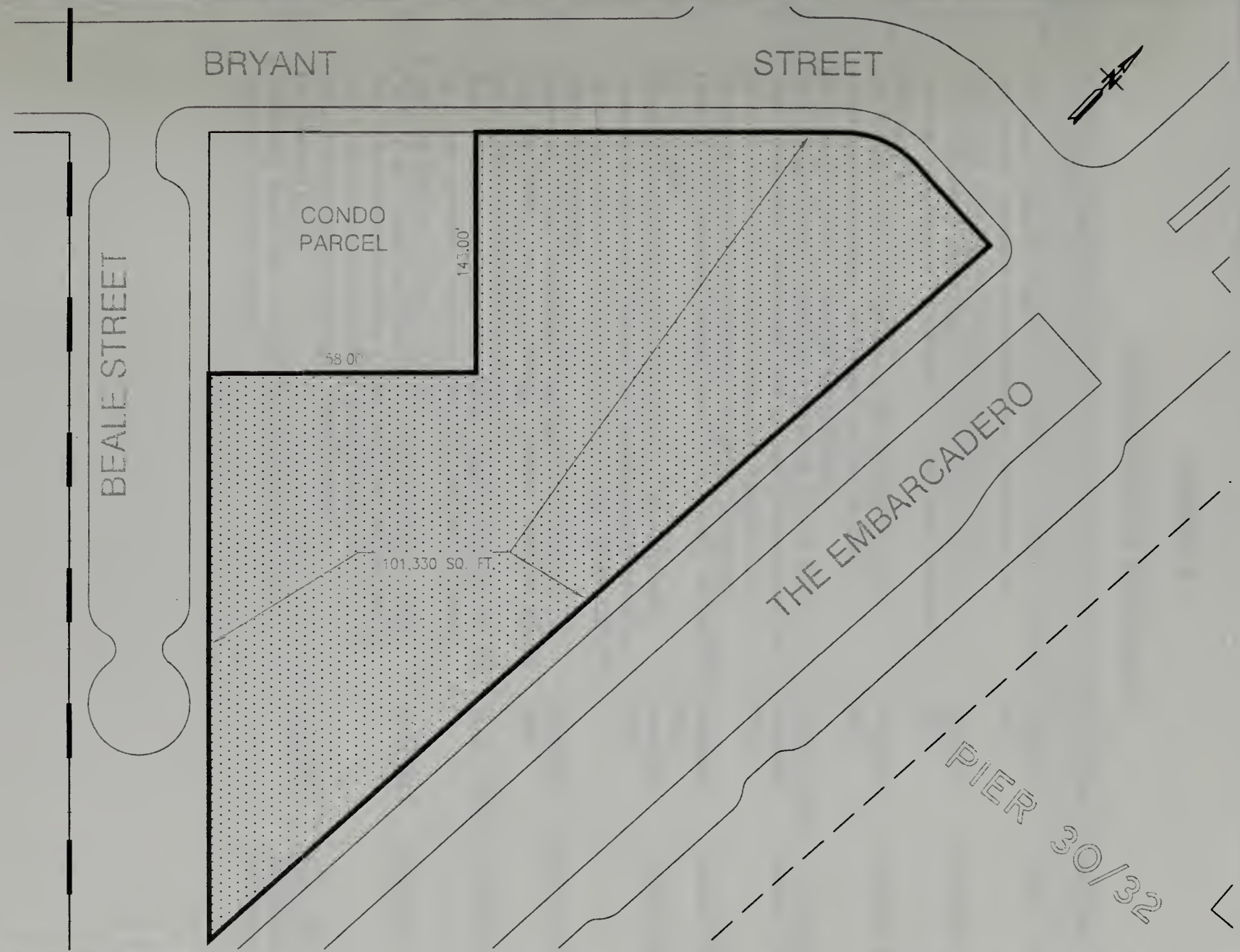

EXHIBIT B

INITIALS: PORT: _____ TENANT: _____ DATE: _____

LEASE NO.	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	TENANT **GOLDEN STATE WARRIORS ARENA, LLC**	DRAWN BY: AMN CHECKED BY: B. BENSON PLACE CODE NO. 3300-00	DATE: JUN 15, 2012 SCALE: 1" = 80' SHEET NO. 1 OF 1 SHEETS

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EXHIBIT B

ENA Performance Benchmarks

	Performance Benchmarks	Target Date	Performance Date
1.	**Developer Formation Documents**: Developer must submit a copy of its Operating Agreement and a description of its affiliates and relationship to the Golden State Warriors basketball team.	**August 15, 2012**	**August 31, 2012**
2.	**Port Commission Endorsement**: Port Commission to adopt a resolution endorsing the Term Sheet ("Port Term Sheet Endorsement Resolution").	**October 2, 2012**	**November 16, 2012**
3.	**Board Endorsements**: Board to take the following actions: (a) endorsing the Term Sheet; and (b) making a fiscal feasibility determination ("Board Term Sheet Endorsement").	**October 23, 2012**	**December 1, 2012**
4.	**Draft Environmental Impact Report**: Publish the draft EIR.	**May 15, 2013**	**July 30, 2013**
5.	**Final Transaction Documents**: Developer and Port must reach final agreement on the form of LDDA, Lease, Sale Agreement, Non-Relocation Agreement and all related Transaction Documents	**December, 2013**	**February, 2014**
6.	**Final EIR Certification**: Planning Commission to certify the final EIR for the Project.	**December 2013**	**February 2014**
7.	**Planning Commission Approvals**: Developer obtains Planning Commission approval of Planning Code Amendments, General Plan Amendments, Shadow Study, Conditional Use Authorization and other approvals as required.	**December 2013**	**February 2014**
8.	**Approval of Final Transaction Documents**: Port Commission to adopt Public Trust consistency findings and approve final Transaction Documents and recommend Board approval.	**December 2014**	**February 2014**
9.	**Board of Supervisor Approvals**: Board to approve the Lease, the Sale Agreement, and other Transaction Documents and City Regulatory Approvals that require Board approval.	**January 2014**	**March 2014**
10.	**Public Trust Consistency Approvals**: Developer to obtain Public Trust Determinations from State Lands and BCDC for Piers 30-32, State Lands Commission approval of the appraisal for the SWL 330 Site and the subsequent conveyance of the SWL 330.	**April 2014**	**May 2014**
11.	**Execution of LDDA**:	**May 2014**	**June 2014**
12.	**Regulatory Approvals**: Developer to obtain necessary Regulatory Approvals by outside agencies.		**Within timeframe set forth in LDDA**

EXHIBIT C
ENA Key Terms

Term	24 months w/ one year extension
Negotiating Fee	$25,000 quarterly in FY 2012-13, and $100,000 for FY 2013-14, contingent on and payable when project entitlements are received.
Extension Fee	$25,000 for a one year extension
Cost Reimbursement	Transaction cost cap of $930,000 for year one and $805,000 for year two, with any unspent amounts below the cap in year one added to the following year's aggregate cap.
Performance Benchmarks (Exhibit B)	GSW must be diligently pursuing the benchmarks in order to present the Director of Waterfront Development, OEWD with requests to extend the benchmark performance deadlines. However, Developer may not extend dates beyond the period defined under "Term" above, including the noted extension.
Regulatory Approvals	GSW is responsible for obtaining all regulatory approvals for the Project.
Project Materials	GSW to assign to Port all studies, applications, reports, permits, plans, drawings and similar non-proprietary work and materials relating to the project prepared by project consultants for the GSW.
Termination	The following events will cause termination of the ENA: • GSW fails to obtain the Port Term Sheet Endorsement by the applicable Performance Date • GSW fails to obtain the Board Term Sheet Endorsement by the applicable Performance Date • The Exclusive Negotiation Period expires before the LDDA is executed • GSW voluntarily withdraws from or abandons the Project • GSW fails to comply with Section 8.1 (No Assignment) • The Port exercises its right to Terminate the ENA following an Event of Default by GSW • GSW exercises its right to terminate the ENA pursuant to Section 2.5(d) (Port's Reserved Rights) • GSW exercises its right to terminate the ENA following a Port Event of Default by the Port

PORT OF SAN FRANCISCO

MEMORANDUM

August 9, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Willie Adams
Hon. Leslie Katz

FROM: Monique Moyer M Moyer
Executive Director

SUBJECT: Request approval to establish a Citizen's Advisory Committee for the proposed project on Piers 30-32 and SWL 330 and authorize the Executive Director to appoint members to the Citizen's Advisory Committee, including a Chairperson

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

EXECUTIVE SUMMARY

This staff report requests authorization for the Executive Director of the Port to form a project-specific Citizen's Advisory Committee (CAC) to review and provide input on a proposed project by the Golden State Warriors (GSW) Arena LLC, to build a new privately financed state-of-the-art, multi-purpose facility that would be used for Warriors' home games and other purposes, including conventions, together with related public infrastructure and access improvements on Piers 30-32 and related development on Seawall Lot 330 (the "Project"). The Port Executive Director would appoint representatives from neighborhoods surrounding Piers 30-32 as well as others with specified policy expertise and the CAC would meet and report back regularly to the Port Commission and Board of Supervisors.

BACKGROUND

On May 22, 2012, Mayor Edwin M. Lee and the Golden State Warriors basketball team ("Warriors") announced a proposal to build a new, privately financed state-of-the-art, multi-purpose facility that would be used for Warriors' home games and other purposes, including conventions, at Piers 30-32 in time for the 2017 basketball season.

THIS PRINT COVERS CALENDAR ITEM NO. 9B

On June 12, 2012, the Board of Supervisors adopted Resolution 236-12 1) endorsing sole source negotiations with GSW for development of a multi-purpose facility and other improvements at the Site; 2) requiring the Office of Economic and Workforce Development ("OEWD") and the Port to engage in outreach to affected and interested neighbors, community members and other stakeholders to ensure that the proposed project is designed with maximum public input; 3) urging OEWD and the Port to work closely with State agencies having jurisdiction over any of the Site, including the State Lands Commission and the San Francisco Bay Conservation and Development Commission, to develop the project description; and 4) taking other related actions.

On July 31, 2012, the Board of Supervisors adopted a Resolution 317-12 (File #120802) urging: 1) the Port Commission to form a project-specific Citizen's Advisory Committee to review and provide input on a multi-purpose facility on Piers 30-32, and related development on Seawall Lot 330, that would be used for the Warriors' home games, conventions and other purposes; 2) the Port Executive Director to appoint 14-16 representatives, with up to eight (8) alternate members, from neighborhoods surrounding Piers 30-32 as well as others with specified policy expertise with up to eight (8) alternate members; and 3) the Citizen's Advisory Committee to meet and report back regularly to the Port Commission and the Board of Supervisors.

WATERFRONT LAND USE PLAN

The Port of San Francisco Waterfront Land Use Plan ("Waterfront Plan") sets forth public participation requirements for mixed use development projects developed pursuant to the Waterfront Plan, which include the use of a Citizen's Advisory Committee established by the Port Commission and appointed by the Port Executive Director.

During early outreach efforts regarding the project, members of the public have urged the formation of a Port Citizen's Advisory Committee ("CAC") consistent with the requirements of the Waterfront Land Use Plan.

CITIZEN'S ADVISORY COMMITTEE

The Port Commission, by approving the attached resolution, authorizes the Port Executive Director to appoint a fifteen member CAC, including a chairperson, with representation as follows:

1. Members who are residents and/or small business owners in the neighborhoods adjacent to the Site, including South Beach, Rincon Hill, Mission Bay, South Park

2. Members who have expertise in housing or open space issues, youth issues, workforce development, disabled access, non-profit administration, maritime commerce, environmental protection, transportation and organized labor

3. Alternates who are residents or business owners in the vicinity of the Site or have expertise enumerated above.

The Port Commission has appointed a project-specific Citizen's Advisory Committee (CAC) to review and provide input on a proposed project by the Golden State Warriors (GSW) Arena LLC, to build a new privately financed state-of-the-art, multi-purpose facility that would be used for Warriors' home games and other purposes, including conventions, together with related public infrastructure and access improvements on Piers 30-32 and related development on Seawall Lot 330. The CAC represents Members who are residents and/or small business owners in the neighborhoods adjacent to the Site, including South Beach, Rincon Hill, Mission Bay, South Park; members who have expertise in housing or open space issues, youth issues, workforce development, disabled access, non-profit administration, maritime commerce, environmental protection, transportation and organized labor and alternates who are residents or business owners in the vicinity of the Site or have expertise enumerated above. The Piers 30-32 CAC will accomplish this mission by providing the staff and Commissioners with questions and community concerns on this project and will evaluate and comment on the City's plans and policies on this project. The CAC will assist in publicizing this project, solicit public comment from neighborhoods, community groups and organizations."

The CAC will meet to review the project generally once a month and to develop criteria for attendance and other by-laws to encourage regular participation by CAC members.

RECOMMENDATION

Port staff recommends approval of a CAC formation as outlined in the Port's Waterfront Land Use plan for advisory review of the Project.

Prepared by:	Trisha Prashad, Special Projects Analyst
For:	Monique Moyer, Executive Director Jennifer Entine Matz, Director of Waterfront Development, OEWD Ken Rich, OEWD Project Manager Byron Rhett, Deputy Director, Planning & Development Brad Benson, Special Projects Manager

Exhibit A: Waterfront Plan Implementation Map

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 12-62

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and

WHEREAS, The City and County of San Francisco (the "City"), acting by and through the Port Commission (the "Port"), owns approximately 13 acres at Piers 30-32 located on the east side of The Embarcadero at Bryant Street ("Piers 30-32") and approximately 2.3 acres of undeveloped land at Seawall Lot 330 located on the west side of The Embarcadero between Beale and Bryant Streets ("SWL 330"), (together, Piers 30-32 and SWL 330 are referred to in this resolution as the "Site"); and

WHEREAS, GSW Arena LLC ("GSW"), a wholly owned subsidiary of GSW Sports LLC and an affiliate of the entity that owns the Golden State Warriors basketball team (the "Warriors"), wishes to build a new privately financed, state-of-the art multi-purpose facility capable of being used as an event venue and for other public assembly uses, including conventions, Warriors' home games and other purposes, in San Francisco, together with related public infrastructure, public access improvements and other improvements (the "Project"), in time for the beginning of the 2017 National Basketball Association ("NBA") season; and

WHEREAS, On May 29,2012, the Port Commission adopted Resolution No. 12-48, designating OEWD as the lead negotiator for the proposed Project, among other designated projects, to act in coordination with Port staff and at the direction of the Port Commission; and

WHEREAS, On June 12, 2012, the Board of Supervisors adopted Resolution 236-12: 1) endorsing sole source negotiations with GSW for development of a multi-purpose facility and other improvements at the Site; 2) requiring the Office of Economic and Workforce Development ("OEWD") and the Port to engage in outreach to affected and interested neighbors, community members and other stakeholders to ensure that the proposed Project is designed with maximum public input; 3) urging OEWD and the Port to work closely with State agencies having jurisdiction over any of the Site, including the State Lands Commission and the San Francisco Bay Conservation and Development Commission ("BCDC"), to develop the project description; and 4) taking other related actions; and

WHEREAS, On June 12, 2012, the Port Commission adopted Resolution 12-50: 1) endorsing sole source negotiations by City and Port staff with GSW for the proposed Project at the Site; 2) authorizing staff to negotiate an Exclusive Negotiation Agreement with GSW for the proposed Project; 3) urging OEWD, the Port and GSW to engage in outreach to affected and interested neighbors, community members, tenants, industry partners and stakeholders; 4) urging OEWD and the Port to work closely with state agencies having jurisdiction over waterfront development, including the State Lands Commission and BCDC; 5) urging OEWD, in cooperation with the Port Director and with the assistance of Port staff, the City Attorney's Office and other City officials as appropriate, to make evaluation of the proposed Project among its highest priorities; and 6) acknowledging that the City may commence environmental review of the proposed Project under CEQA if and when the Board of Supervisors makes the required findings of fiscal feasibility and responsibility under Administrative Code Chapter 29; and

WHEREAS, The Port of San Francisco Waterfront Land Use Plan ("Waterfront Plan") sets forth public participation requirements for mixed use development projects developed pursuant to the Waterfront Plan, which include the use of a Citizen's Advisory Committee established by the Port Commission and appointed by the Port Executive Director; and

WHEREAS, During early outreach efforts regarding the proposed Project, members of the public have urged the formation of a Port Citizen's Advisory Committee consistent with the requirements of the Waterfront Plan; and

WHEREAS, On July 31, 2012, the Board of Supervisors adopted Resolution 317-12 urging: 1) the Port Commission to form a project-specific Citizen's Advisory Committee to review and provide input on a multi-purpose facility on Piers 30-32, and related development on Seawall Lot 330, that would be used for the Warriors' home games, conventions and other purposes; 2) the Port Executive Director to appoint representatives from neighborhoods surrounding Piers 30-32 as well as others with specified policy expertise; and 3) the Citizen's Advisory Committee to meet and report back regularly to the Port Commission and the Board of Supervisors; and

WHEREAS, GSW and City staff contemplate a proposed Project with an entitlement and implementation schedule that underscores the need for robust public participation and frequent consultation with the Port Commission and the Board of Supervisors; now, therefore, be it

RESOLVED, That the Port Commission hereby establishes a fourteen-sixteen (14-16) member Project-specific Citizen's Advisory Committee ("CAC"), with up to eight (8) alternate members to review the proposed Project in consultation with GSW and City staff and provide input to the Port

Commission, OEWD, the Board of Supervisors, other City agencies and, where applicable, BCDC's Design Review Board and the California State Lands Commission, regarding land use, design, transportation, sustainability, good neighbor policies to protect existing tenants, community based organizations and small businesses in and around the Site, youth involvement and programs to bolster economic development and local employment; and, be it further

RESOLVED, That the Port Commission authorizes the Port Executive Director to appoint members to the CAC, including a chairperson, with representation as follows: 1) members who are residents and/or business owners in the neighborhoods adjacent to the Site including South Beach, Rincon Hill, Mission Bay, South Park; 2) members who have expertise in housing or open space issues, youth issues, workforce development, disabled access, non-profit administration, environmental protection, transportation, and organized labor; and 3) alternates who are residents or business owners in the vicinity of the Site or have expertise enumerated above; and, be it

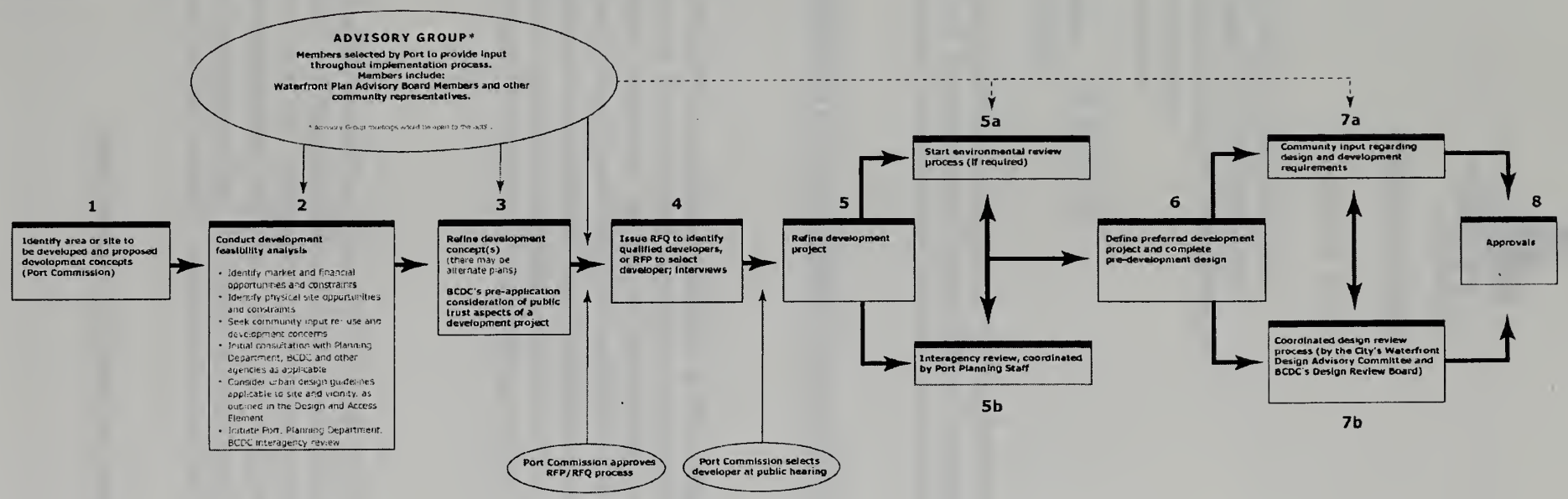
RESOLVED, That the Port Commission urges the CAC to: 1) meet initially on August 23, 2012; 2) review the Project generally once per month; and 3) develop criteria for attendance and other by-laws to encourage regular participation by CAC members.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of August 14, 2012.

_____

Secretary

Figure A: Waterfront Plan Implementation Process



PORT OF SAN FRANCISCO

MEMORANDUM

August 9, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Willie Adams
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director

SUBJECT: Informational presentation regarding potential license agreement for PG&E Proposed ZA-1 Embarcadero-Potrero 230kV Transmission Project at Pier 28 ½ submerged Bay lands and portions of the shoreline at the foot of 23rd Street

DIRECTOR'S RECOMMENDATION: Information Only; No Action Required

Introduction

Pacific Gas & Electric ("PG&E") proposes to construct a new, single circuit, 230 kV transmission line between its Embarcadero Substation and its Potrero Substation to increase reliability of electric service to downtown San Francisco and provide operational flexibility. One of the routes PG&E has studied for the proposed project contemplates a transmission line installation along onshore and submerged land in the Port's jurisdiction, subject to the Port's proprietary approval. This staff report provides background and a preliminary description of the proposed project, including potential next steps.

Background

PG&E's Embarcadero Substation is the sole source of electricity to much of downtown San Francisco - including the Financial District, Union Square, North Beach, The Embarcadero, Chinatown, Nob Hill, Telegraph Hill, the South of Market and North of AT&T Park area, Rincon Hill and the TransBay Terminal. This includes many of San Francisco's major office buildings, hotels, retail shops, restaurants and residential towers. See the attached Exhibit A which contains a map of the Embarcadero Substation service area.

THIS PRINT COVERS CALENDAR ITEM NO. 9C

Embarcadero Substation currently is fed by two fluid-filled pipe-type 230 kV cables (HZ-1 and -2) from Martin Substation, installed in 1973. Although separated by several blocks along much of their paths, both HZ cables cross areas of high liquefaction potential. PG&E is concerned about various low-probability, but very high impact, scenarios under which both HZ cables fail, causing potentially long duration outages. Examples of such scenarios include: (1) damage to both HZ cables or pipes during an earthquake; and (2) a planned outage of one cable for maintenance or to accommodate infrastructure construction, followed by a forced outage of the other cable by a dig-in or internal failure. Depending upon the nature of damage to a pipe-type cable, repairs can take from approx. 8 hours to 7 weeks for each damage point.

Project Description

The proposed Embarcadero-Potrero cable, also referred to as ZA-1, would provide a third cable into Embarcadero Substation. Seismic risk is a key consideration in its design and routing. If approved, ZA-1 also will connect PG&E's 230 kV system in San Francisco with both the Trans Bay Cable ("TBC")[1] and PG&E's existing 115 kV systems in San Francisco, providing operational flexibility to both the 230 kV and 115kV systems.

PG&E considers the Embarcadero-Potrero 230 kV Transmission Project a high priority because of the impact that outages would have on downtown San Francisco. PG&E has met with representatives of the San Francisco Public Utilities Commission and the City Administrator's Office to discuss the Project's role in providing critical, "lifeline" services to San Francisco and to increasing reliability in the service to San Francisco during planned infrastructure work and unplanned equipment outages.

The project will involve both transmission line work and substation work. Three major elements are:

- Construct an approximately 3-mile, 230 kV submarine and/or underground cable between the Embarcadero and Potrero Substations;
- Terminate the new cable into a 230 kV bus (to be upgraded as part of a separate reliability project that is underway) at the Embarcadero Substation;
- Construct a new 230 kV switchyard at Potrero Substation, terminate the new cable there, and interconnect the new 230 kV and existing 115 kV switchyards at Potrero Substation via two new 230/115 kV transformers.

Routing and Substation Options

PG&E hired Black & Veatch to evaluate a number of routing options. The top three remaining route options are shown in the attached Exhibit B.

[1] On August 7, 2007, by Resolution 414-07, the San Francisco Board of Supervisors approved a 66 year license for the construction and operation of the Trans Bay Cable on Port submerged land.

Submarine Alternative: The submarine cable route would run in a reinforced underground duct bank about 2 city blocks along the TBC alignment as it exits the Potrero Switchyard and enters the Bay. It would then continue in the Bay along the general alignment and several hundred feet to the west of the TBC; and then return to land 2-3 city blocks from Embarcadero Substation, where it would be installed in a reinforced underground duct bank to the substation. Both landings from the Bay to land will be accomplished through horizontal directional drilling.

On-Shore, Underground Alternatives: The on-shore routes are based on considerations of traffic, underground utility congestion, neighborhood impacts, etc. The preferred underground route seeks to avoid liquefaction areas. An underground cable would be installed in a reinforced concrete duct bank. One on-shore alternative PG&E is studying – the preferred onshore route using the Hoedown or Laydown yards on 22nd St. as the switchyard site – would not cross any Port-jurisdictional land.

The new cable would terminate at the Potrero Switchyard in a gas insulated substation ("GIS"). As shown on Exhibit B, PG&E is considering three potential sites for the new Potrero 230 kV switchyard: the PG&E-owned Hoe Down Yard, the PG&E-owned Laydown Yard, and a portion of the former power plant site currently owned by GenOn Co. These potential alternatives should be examined with respect to potential impacts or benefits of each on the Port's proposed Pier 70 Master Plan.

PG&E's Current Routing Considerations

Although PG&E is actively studying the on-shore route alternatives, PG&E believes that the Submarine Route provides the best reliability for downtown San Francisco as well as having the fewest impacts during construction. Factors include:

- 2.4 miles of 3.5 mile Submarine Route are in Bay mud, where the cable is not expected to be adversely impacted by a seismic event and installation results in fewer construction-period impacts than on-shore alternatives;

- Because submarine cable is not spliced, there are only 9 splices on the Submarine Route vs. 36 splices on Preferred On-Shore Route. Splices tend to be the "weak link" in a transmission line;

- Costs and terms associated with a Port license to utilize Port land.

Potential Project Approvals

As Port staff learned during the process of negotiating and approving the Trans Bay Cable project, transmission projects of this type are highly regulated projects. PG&E has applied or will be applying for project review and/or approval from the following agencies:

- California Public Utilities Commission ("CPUC"), which will be the lead agency analyzing potential environmental impacts of the construction and operation of the project;

- California Independent System Operator ("CAISO");

- Federal Energy Regulatory Commission ("FERC"); and

- For any submerged route, approvals would also include the San Francisco Bay Conservation and Development Commission, the San Francisco Bay Regional Water Quality Control Board, the U.S. Army Corps of Engineers, the Port Commission, and the Board of Supervisors, among others.

Any proposed Port license for the submarine alternative on Port land would be subject to review by the CPUC and FERC, both of which will review project costs. As a regulated utility, the Project is subject to the review and approval of the CPUC. Pursuant to State law and CPUC General Order 131-D, etc., Section XIV.B, local jurisdictions acting pursuant to local authority are preempted from regulating the electric power line projects and distribution lines constructed by PG&E subject to CPUC regulation. The CPUC, in consultation with PG&E, and through the public process that it administers, will ultimately determine the preferred route for the project, subject to other required proprietary and regulatory approvals.

Next Steps

Subject to direction from the Port Commission, Port staff proposes the following next steps:

- Negotiate a term sheet for use of submerged Port land for the ZA-1 230 kV Embarcadero-Potrero Transmission Line with PG&E;

- Review and comment on environmental analysis conducted by the CPUC regarding routes that involve Port property, in consultation with other City departments; and

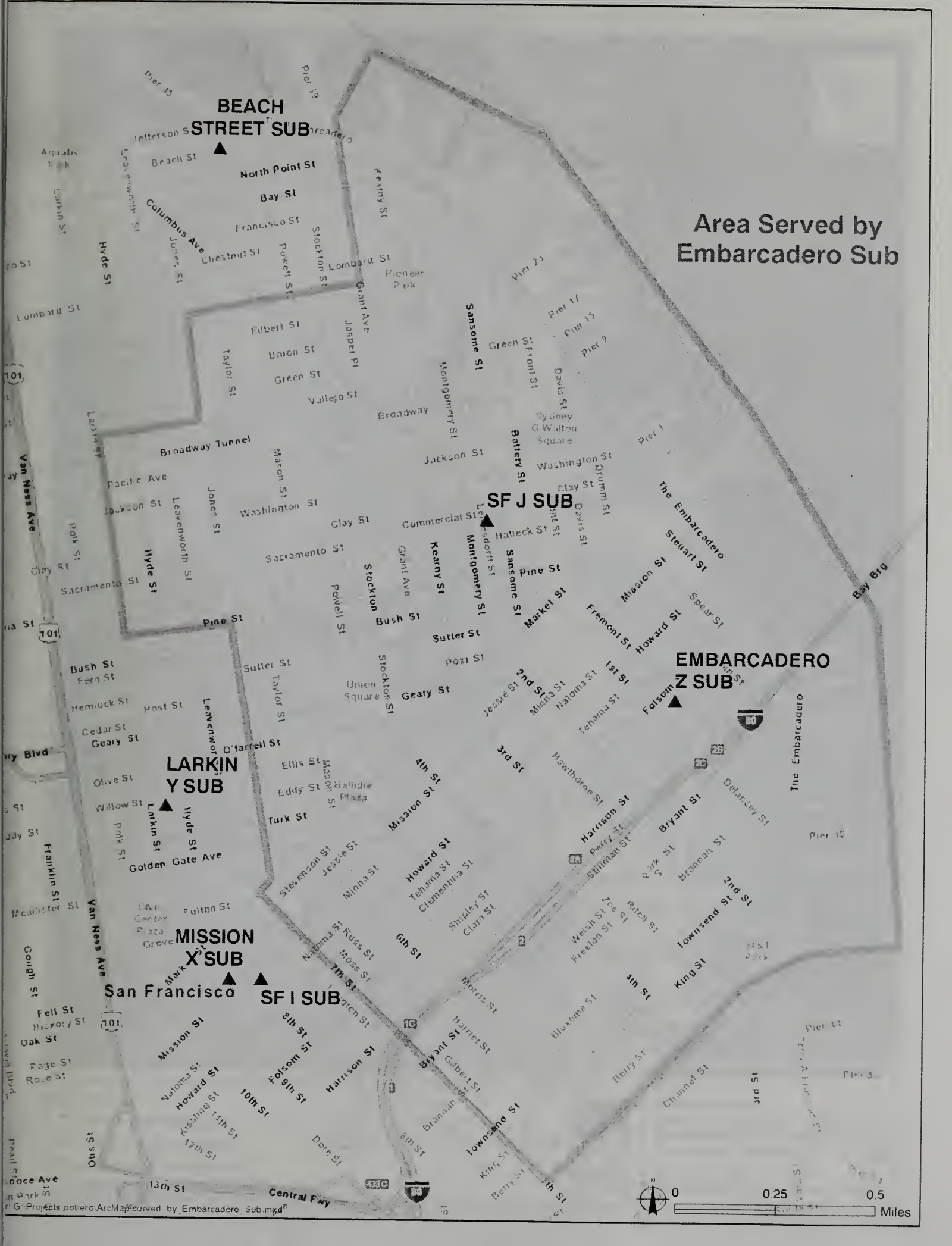
- If the CPUC process determines that the submerged alternative is the preferred project alternative, negotiate and submit for Port Commission and Board of Supervisors consideration a long-term license for construction and operation of the project.

Prepared by: Brad Benson, Special Project Manager

For: Byron Rhett, Deputy Director
Planning & Development

Exhibits

A. PG&E Embarcadero Substation Area Map
B. PG&E Route Alternatives for Proposed ZA-1 Project


Area Served by Embarcadero Sub
BEACH STREET SUB
SF J SUB
EMBARCADERO Z SUB
LARKIN Y SUB
MISSION X SUB
SF I SUB
San Francisco
Beach St
North Point St
Bay St
Francisco St
Chestnut St
Lombard St
Filbert St
Union St
Green St
Vallejo St
Broadway
Broadway Tunnel
Jackson St
Washington St
Clay St
Commercial St
Sacramento St
Pine St
Bush St
Sutter St
Post St
Geary St
O'Farrell St
Ellis St
Eddy St
Turk St
Golden Gate Ave
Fulton St
Fell St
Oak St
Mission St
Howard St
Folsom St
Harrison St
Bryant St
Townsend St
King St
Embarcadero
Stockton St
Grant Ave
Kearny St
Montgomery St
Sansome St
Battery St
Market St
Fremont St
1st St
2nd St
3rd St
4th St
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7th St
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12th St
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Central Fwy
Van Ness Ave
Franklin St
Gough St
Polk St
Hyde St
Larkin St
Leavenworth St
Jones St
Taylor St
Mason St
Powell St
Columbus Ave
Bay Bldg
0 0.25 0.5 Miles
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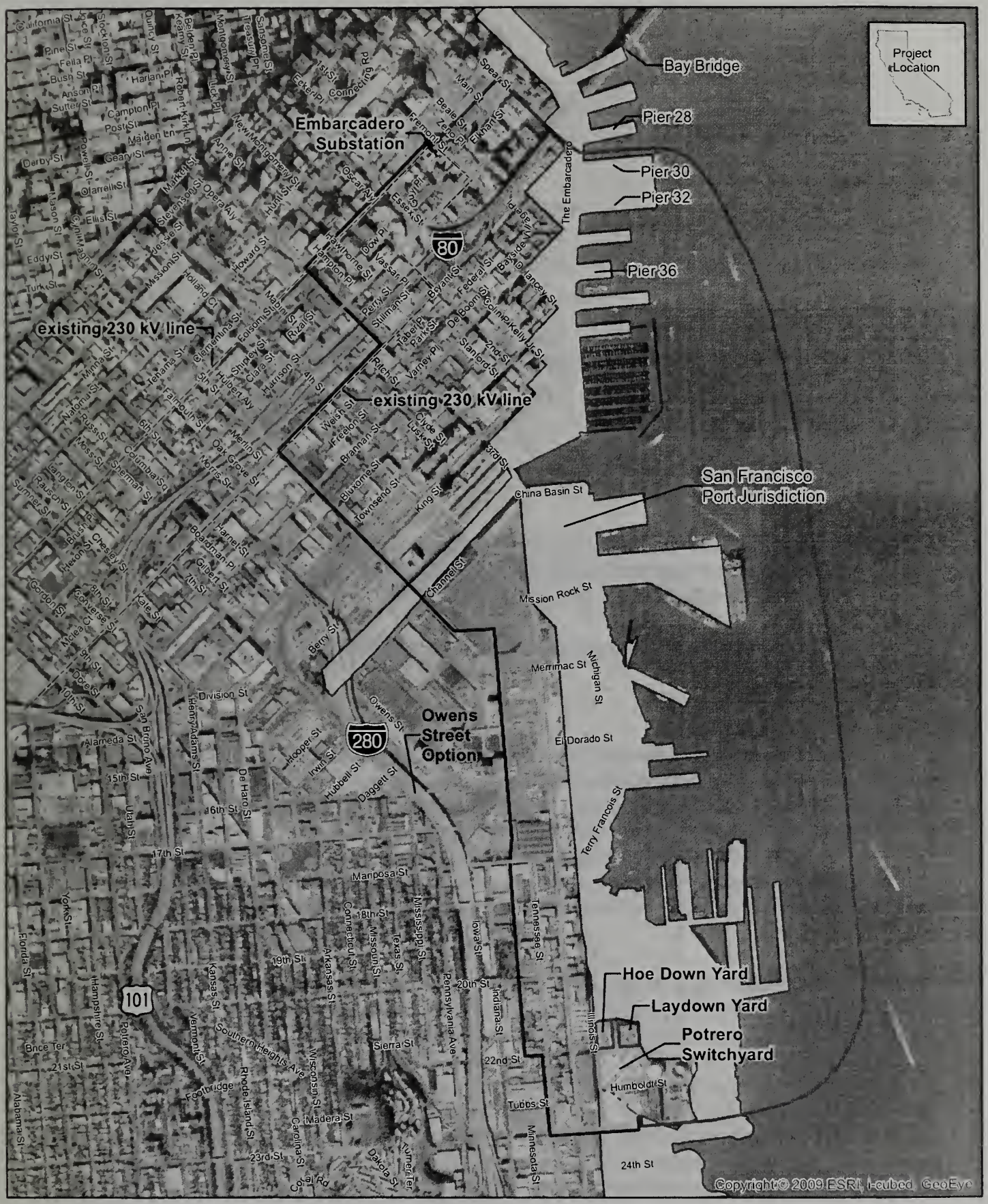

Substation
Submarine Alternative
Preferred Land Route
Alternative Land Route
Existing 230 kV Transmission Line
San Francisco Port Jurisdiction
Laydown and Hoe Down Yards

Revision 11
7-24-2012

Project Location
Pacific Gas and Electric Company
Embarcadero-Potrero 230 kV
Transmission Cable Project

N

0 1,000 2,000 Feet

Scale: 1:18,000

PORT OF SAN FRANCISCO

MEMORANDUM

August 10, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Willie Adams
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director

SUBJECT: Informational update on status of Port infrastructure work, tenant relocation and other Port obligations under the Lease Disposition Agreement in preparation for the 34th America's Cup Events in 2012 and 2013

DIRECTOR'S RECOMMENDATION: No Action Required; Informational Item Only

OVERVIEW

On March 27, 2012, by Resolution 109-12, the Board of Supervisors unanimously authorized the Port Executive Director, upon Port Commission approval consistent with the Board's authorization, to execute a Lease Disposition Agreement ("LDA") between the City acting through the Port and the America's Cup Event Authority ("Authority") subject to certain risk management conditions specified in the Board's resolution, and as an amendment to the 34th America's Cup Host and Venue Agreement between the City and the Authority ("Host Agreement") setting the framework for the City to host the 34th America's Cup ("AC34") events in 2012 and 2013.

The Port Commission authorized the Port Executive Director to enter into the LDA subject to the conditions specified in the Board's resolution and approved the Port's form of Venue Lease and Venue Licenses (collectively, "Venue Leases") under which the Port will deliver Port property to the Authority for AC34 events on April 24, 2012 by Resolution 12-35. In consultation with the City's Risk Manager, City and Port staff members are finalizing the insurance and bond requirements of the proposed LDA consistent with the direction of the Board of Supervisors and the Port Commission. The LDA establishes conditions that must be met before the Port delivers the Venues under the Venue Leases. The LDA and Venue Leases for AC34 venues ("Venues") needed for the 2012 events or to prepare the sites for the 2013 events are expected to be executed later this year.

THIS PRINT COVERS CALENDAR ITEM NO. 9D

At the May 29, 2012 Port Commission meeting, Port staff provided a staff report, dated May 24, 2012 and briefing on the status of the AC34 preparations scheduled for 2012 and 2013. Staff provided an update to the May report at the July 5, 2012 Port Commission meeting. This staff report provides the third periodic update to the Port Commission describing preparations for AC34. The report includes:

- an update on the One Stop Shop at Pier 23;
- a progress report for Port capital projects required by the proposed LDA;
- funding sources for the delivery of these projects;
- a description of continuing permitting efforts for AC34;
- an update on the James R. Herman Cruise Terminal and the Brannan Street Wharf construction projects;
- an update on tenant relocation efforts at sites that will be delivered to the Authority under Venue Leases and the status of delivery of these sites to the Authority; and
- a description of the Port's efforts to repair the Venues pursuant to the proposed requirements of Section 1.2(g) of the LDA, which requires the Port to make repairs up to a maximum of $500,000.

Port staff will continue to provide such regular monthly AC34 status reports during the project construction and implementation period, with updates from the Real Estate, Planning, Engineering and Finance Divisions, as appropriate.

ONE STOP SHOP

On August 2, the America's Cup Event Authority ("ACEA"), partnered with the Office of Economic and Workforce Development ("OEWD"), the Port, 311, SF Travel and the San Francisco Chamber of Commerce, and opened the One Stop Shop at Pier 23. Anne Taupier of OEWD serves as director of the One Stop Shop office, the purpose of which is to provide a single point of contact for America's Cup competitors and the public alike, similar to a service provided by the government of Spain during the 33rd America's Cup. Operating between the hours of 10:00-2:00, Monday through Friday, a City 311 staff member serves as the initial point of contact with information on a variety of City services, with other participants providing supplemental information on travel accommodations and opportunities to connect businesses with the America's Cup events.

A representative of the Port is present primarily to assist Event Authority staff and any possible America's Cup team managers with permit processing issues, though also to answer any Port-specific questions posed by Event participants. Port staff who have been involved in federal government affairs work for the City's America's Cup project will continue to provide visa and customs assistance to race competitors.

While traffic in the One Stop Shop has so far been light, most expect it to increase substantially as public awareness of this resource grows, and as the August 2012 America's Cup World Series event draws near.

AC34 PORT CAPITAL PROJECT UPDATE

Under the proposed LDA, the Port will undertake several required infrastructure improvements to support Venues programmed for Port waterfront facilities, including public access improvements to meet the San Francisco Bay Conservation and Development Commission's ("BCDC") requirements and environmental improvements to meet other permitting requirements. These improvements, described below, include improvements to Piers 27-29, which will be coordinated with the ongoing construction of Phase 1 of the James R. Herman Cruise Terminal:

1. Pile repairs to Pier 29 substructure, and demolition and reconfiguration of the north end of the Pier 29 shed prior to the 2013 events;

2. Stormwater management improvements along the north end of Piers 27-29 deck prior to the 2013 events;

3. Upgrade to Pier 23 electrical utilities prior to the 2013 events;

4. Repairs and utility upgrades to Piers 30-32, which will be implemented in two phases; Phase 1 repairs will occur prior to the 2012 events, Phase 2, prior to the 2013 events;

5. Repair of Pier 19 south apron prior to 2013 events;

6. Demolition of Pier ½ prior to 2013 events; and

7. Removal of Pier 64 and construction of bird platform at Pier 64 after the 2013 events.

As authorized by the Port Commission on April 24, 2012, Port staff executed the fourth amendment to the Construction Manager/General Contractor contract with Turner Construction Company to increase the total authorization from $49,978,883 to a total authorization of $64,719,777 (an addition of $14,740,894) to fund new public improvements related to AC34 events at Pier 29, Pier 23, Pier ½, and Piers 30-32. In the case of the Pier 19 South Apron project, Turner will purchase piles for the Port and Port Maintenance staff will perform the construction.

Table 1: Status of AC34 Capital Projects					
No.	Project Title	Design Completion Date	Scheduled Construction Start	Scheduled Construction Completion	Current Status
1	Pier 29 Substructure Repair	04/27/2012	07/09/2012	09/15/2012	Regulatory permits are pending. Scheduled to start 08/20/12 and finish 11/28/12.
2	Pier 23 Electrical Upgrade	07/20/2012	09/01/2012	12/31/2012	Drawings in progress
3	Pier 19 South Apron	04/27/2012	08/01/2012	02/15/2013	Regulatory permits are pending. Scheduled to receive piles 08/15/12 needed to start work.
4	Pier ½ Demolition	04/27/2012	08/15/2012	12/31/2012	Scheduled to start work 08/15/12 and finish 09/25/12
5.1	Piers 30-32 Phase I	05/21/2012	06/27/2012	07/20/2012	Complete
5.2	Piers 30-32 Phase 2	08/31/2012	10/20/2012	02/14/2013	Port is reviewing phase 2 drawings
6	Pier 64 Demolition & Caspian Tern Nesting Platform	March 2013	09/02/2013	01/29/2014	Drawings in progress
7	Pier 29 North End Reconfiguration	04/27/2012	06/24/2012	08/31/2012	Construction in progress
8	Pier 27-29 North Tip Drainage	06/28/2012	Jan. 2013	03/01/2013	Permits pending
9	Piers 30/32 Dredging		10/15/2012	11/30/2012	Permits pending

Project Nos. 7 and 8 in Table 1 above are included in the third amendment to the Turner construction contract.

In addition to the capital construction projects listed above, BCDC's approval of the AC34 project also requires temporary public access improvements in the form of two "parklets' for the 2013 events, on the marginal wharf between Piers 9 and 15; and at the Pier 24 lookout point of the Bay Bridge. The Port is working cooperatively with the Exploratorium, as the Pier 9-15 parklet may include a portion of the marginal wharf within the Exploratorium leasehold, and with a consultant, Rebar, to develop a concept design for both locations. The parklet improvements would be in place by June 30, 2013 for the America's Cup events, through October 2013.

The Port also has hired a consultant to develop recreational water access improvements for kayaks and non-motorized craft at the Pier 52 public boat launch, another BCDC public access requirement for AC34. The consultants, Creegan + D'Angelo and Coastal Engineering, have developed a concept design that allows the existing float to be improved with a lower platform to allow kayakers and other low-boarding craft easy access.

FUNDING

The projects listed above are financed with a combination of funds from the following sources: (i) Port capital funds, (ii) 2010 Port Revenue Bond funds reallocated for AC34 projects, (iii) funding from the America's Cup Organizing Committee, (iv) funding from a new certificates of participation ("COPs") issuance which the City will undertake on behalf of the Port, and (v) San Francisco County Transit Authority's Proposition K grant funds. The City and Port are in the process of issuing the COPs, but funds will not be available until after work begins. In the interim, the City has agreed to issue commercial paper to provide bridge financing for these critical projects until the COPs are issued.

Table 2 below shows a breakdown of funding for the Port's AC34 construction projects and Cruise Terminal-related projects.

Table 2: AC34 Project Funding Sources

No.	Project Name	Current Estimated Project Cost	COPs / Com. Paper	Port Capital	Reapprop. Port Revenue Bonds	ACOC Funds	Prop K Grant Funds
1	Pier 29 Substructure Repair	$1,114,200	$314,200			$800,000	
2	Pier 23 Electrical Upgrade	$552,000	$552,000				
3	Pier 19 South Apron	$1,200,000	$1,200,000				
4	Pier ½ Demolition	$1,336,400		$36,400			$1,300,000
5.1	Piers 30-32 Phase I	$1,588,800			$1,588,800		
5.2	Piers 30-32 Phase 2	$3,371,600			$3,371,600		
6	Pier 64 Demolition & Bird Nesting Platform	$1,047,000		$1,047,000			
7	Pier 29 North End Wall Configuration	$800,000				$800,000	
8	Pier 27-29 North Tip Drainage	$1,598,600	$1,598,600				
9	AC34 Improvements 10% Project Contingency	$1,260,860	$526,480	$238,340	$496,040		
10	GM.GC Fee	$1,098,500	$226,000	$189,500	$683,000		
11	Materials Testing & Special Inspect	$275,000	$275,000				
12	AC34 Project Management	$250,000	$250,000				
13	AC34 Environmental Plan & Monitoring	$503,100	$503,100				
14	Other AC34 Soft Costs	$250,000	$250,000				
Total		$16,246,060	$5,695,380	$1,511,240	$6,139,440	$1,600,000	$1,300,000

The Port has awarded contracts for demolition of Pier ½ and substructure repairs to Pier 29. Work on both projects is scheduled to begin in late August. Phase I work at Piers 30-32 is complete, and the ACEA has commenced constructing team bases at that location.

Total Delivery Costs for the AC34 Construction Projects: (Items 1 through 6, 9 and 10):	$12,569,360
Total Costs for the Cruise Terminal Projects (Items 7 and 8):	$2,398,600
Total Estimated A&E, Environmental, and Other Soft Costs (Items 11 through 14):	$1,278,100
TOTAL:	**$16,246,060**

CALIFORNIA ENVIRONMENTAL QUALITY ACT AND PERMITTING

The environmental effects of the improvements to Port facilities were analyzed in the 34th America's Cup and James R. Herman Cruise Terminal and Northeast Wharf Plaza Final Environmental Impact Report, which was certified by the Planning Commission on December 15, 2011, and upheld by the Board of Supervisors on January 24, 2012. Port and City staff members are currently working with regulatory agencies to secure required reviews and permits.

San Francisco Bay Conservation and Development Commission ("BCDC"): This permitting process is complete, subject to further amendments to conform to the Authority's most recent AC34 site plans.

U.S. Army Corps of Engineers ("USACE") Section 10: USACE issued the Section 10 permit on August 2, 2012. This permitting process is complete.

San Francisco Bay Regional Water Quality Control Board 401 Water Quality Certification: This permitting process is complete.

National Marine Fisheries Service ("NMFS") Section 7: This permitting process is complete.

National Oceanic and Atmospheric Agency ("NOAA") Incidental Harassment Authorization ("IHA"): This permitting process is complete.

California Department of Fish and Game ("CDFG") 2081: CDFG has issued concurrence with the draft Biological Assessment that the Port submitted to NMFS. This process is complete (CDFG does not issue a permit, but must concur that the project with the proposed mitigation measures does not result in a detrimental impact to State-listed species).

U.S. Fish and Wildlife Service ("USFWS") Section 7: The Port's approved Biological Assessment is currently under review by USFWS. Staff expects USFWS will issue a statement of concurrence soon.

State Lands Commission ("SLC") Lease: A lease application for dredging is currently under review by SLC.

JAMES R. HERMAN PIER 27 CRUISE TERMINAL AND BRANNAN STREET WHARF

The Pier 27 Cruise Terminal Project remains on schedule. Procurement for Phase I of the project is approximately 93% complete based on volume.

Thirty bid packages are under contract or very nearly under contract, representing $43 million of the project budget, including demolition, concrete, steel/deck/stairs, miscellaneous iron, exterior wall, roofing, elevators/escalators, mechanical, electrical, plumbing, fire protection, shore power, doors/frames/hardware, coiling doors, ceilings, flooring, fire door, rigid insulation, rough/finish carpentry, signage, tile, folding grilles, toilet partitions/miscellaneous accessories and interior drywall, fencing and painting.

Approximately $3 million of the project budget is out to bid for paving (including North Point drainage). The paving package will be awarded in early September, 2012.

Table 3: Pier 27 Cruise Terminal Major Milestones

Critical Component	Anticipated Delivery
Structural Steel	Achieved
Exterior Metal Panels	8/20/12
Escalators	9/14/12
Roof AHU's/Equipment	9/04/12
Shore power Substation	9/25/12
Electrical Switchgear & Generator	9/24/12
Transformer	10/05/12
Elevators	10/22/12

Pier 36 Removal Project is substantially complete, however, there is a very shallow area remaining at the very end of the former Pier. The Port is investigating the area to determine whether it is a natural shoal or the result of Pier 36 debris. The presence of this shallow area will not prevent construction of the Brannan Street Wharf, however, it is a hazard to navigation and complicates movement of material to and from the construction site. Should it be a natural shoal, it will be left in place and marked, as there are no plans to dredge the area.

Pile driving for the Brannan Street Wharf commenced on July 26. This critical phase has progressed smoothly thus far and project completion remains on schedule for the end of June 2013. The Event Authority has withdrawn its previous request to suspend construction during the America's Cup World Series events, however, the Port and Event

Authority must still coordinate required construction activities with events at Piers 30-32. This coordination may result in some minor delay and additional cost. To date, all parties have been able to work cooperatively in order to keep the project moving forward.

REAL ESTATE

The LDA, which establishes the conditions for delivery of the Venues under the Venue Leases, is expected to be executed in the near future, at which time the Port and the Authority will enter into Venue Leases for the various event Venues. In the interim, the Real Estate Division has completed standard form Port licenses for Pier 23, Piers 30-32 and Pier 80 to permit earlier entry to these locations prior to execution of the LDA, which is still in negotiation.

Pier 23: The Authority needed access to Pier 23 to commence cosmetic improvements to the office space and is currently operating its "One Stop Shop" at the Pier 23 offices.

Pier 80: The Authority also required outdoor space at Pier 80 in order to erect a tower crane and to store 121 team cargo containers, which arrived at Pier 80 on July 24, 2012.

Piers 30-32: On August 3, 2012, the Port executed a temporary license for seven days in order for the Authority to begin setting up the team base at Piers 30-32 using the containers currently stored at Pier 80.

All interim licenses were executed to facilitate these uses on a temporary basis until the Venue Leases can be executed under the LDA.

In the meantime, staff has prepared Venue Leases for Piers 19, 19½, 23, 27-29, 30-32 and 80 in anticipation of the LDA.

The Port's tenant relocation efforts continue to be extremely successful. The event will displace a total of 37 pre-existing Port tenants. Out of these tenants, 34 have already vacated their premises and the Port is working closely with the remaining three.

Also, the Port issued a Special Events Permit to allow for installation of team bases and other activities at Piers 30-32.

VENUE REPAIRS

Pursuant to Section 1.2(g) of the LDA, the Port and the Authority are required to perform facility walk-throughs at all Venues and prepare a joint list of repairs that the Port must conduct up to a cap of $500,000. The sites include Piers 19, 19½, 23, 29, 29½, and 80-Shed A.

Port and Authority staff completed walk-through inspections and produced a list of code-required repairs. These repairs, with an estimated total cost of approximately $1 million, include useful long term code and capital improvements to Port facilities listed by project in Appendix A. The $1 million estimate includes Port labor, contracted work and materials

and supplies. The amount does not include soft costs. Port Maintenance staff is providing the majority of the labor, while Port Engineering staff is conducting design and permitting work.

Since the second Port Commission update of July 5, 2012, Port Maintenance personnel have completed 90% of the listed improvements at Pier 23 and 80% of needed demolition inside Pier 19. Permits have been secured for work scheduled at Piers 80, 19, and 19½. City Department of Public Works contractors are scheduled to begin lead abatement in the week of August 13, 2012. Sprinkler repairs are in progress through an ongoing Port Maintenance contract, with work being prioritized in those venues with the earliest required delivery.

Prepared By:	For:
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& Wendy Proctor, Port Architect	Brad Benson, Special Projects Manager
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APPENDIX A

Table 3: AC34 Port Venue Repairs				
No.	Project Name	Estimated Contract, Materials & Supplies Cost	Estimated Port Labor Cost	Facility Delivery Date to AC34
1	Pier 80 Shed A Egress Doors and Lighting & Lighting Repairs	$7,700	$36,450	LDA
2.1	Pier 23 Lead Abatement	$83,500	$0	LDA
2.2	Pier 23 Egress Doors and Lighting	$14,700	$39,250	LDA
2.3	Pier 23 North Apron Security Fence	$17,000	$0	LDA
2.4	Pier 23 Sprinkler Repairs	$21,000	$0	LDA
3.1	Pier 19 ½ Parking Ventilation	$2,000	$0	LDA
3.2	Pier 19 ½ Egress Doors and Lighting	$6,350	$43,150	LDA
4.1	Pier 29 ½ Parking Ventilation	$2,000	$0	LDA
4.2	Pier 29 ½ Demising Fence, Egress and Lighting	$13,200	$40,450	LDA
4.3	Pier 29 ½ Sprinkler Repairs	TBD	TBD	LDA
5.1	Pier 19 Lead Abatement	$80,500	$0	September 1, 2012
5.2	Pier 19 Demolition of Existing Fences, Trailers and Utilities	$32,000	$77,000	September 1, 2012
5.3	Pier 19 Egress Doors and Lighting	$14,750	$39,250	September 1, 2012
5.4	Pier 19 Restroom Repairs	$17,750	$26,750	September 1, 2012
5.5	Pier 19 Sprinkler Repairs & Fire Safety	$32,000	$0	September 1, 2012

By way of funding strategy for this work, while the grand total of work is approximately $1,000,000, where possible, labor would be conducted by Port maintenance staff, with work funded by the existing operations budget. The Port staff estimates that $545,950 of the work listed above can be resourced in this fashion; correspondingly, the Maintenance Division's Operations budget is listed as a source below.

Proposed Funding Sources – Port Labor

FY 2011-12, 2012-13 Port Maintenance Division Budget – Personnel (Labor)	$545,950

Staff propose all non-Port labor costs be funded as follows:

Proposed Funding Sources – Other

Source	Amount
FY 2011-12 Port Maintenance Division Budget – Materials and Supplies	$140,250
FY 2011-12 Port Maintenance Division Budget – Interdepartmental Work Orders (DPW)	90,000
Department of Homeland Security Grant	17,000
Port Capital Funds programmed for America's Cup venue repairs	250,000

Total Sources **$497,250**

Port staff has requested and received authorization to commence repairs for Piers 23 and 80 from the Executive Director, Monique Moyer. The projects listed above require Port building permits and where contracting is required, contracts through DPW's Job Order Contracts.

PORT OF SAN FRANCISCO

MEMORANDUM

August 9, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Willie Adams
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director

SUBJECT: Informational presentation regarding a proposed new structure for South Beach Harbor Berthing Rates and Parking Management

DIRECTOR'S RECOMMENDATION: Information Only

Summary

On June 12, 2012, Port staff presented to the Port Commission an information item pertaining to the budget implications to the Port from assuming operation and corresponding obligations, including debt responsibilities of the 700-slip South Beach Harbor, Pier 40, Carmen's Restaurant, the Ship's Clerk's Association Building, the Harbor Services Building, various parking facilities, parks and two long term development leases with Delancey Street and Steamboat Apartments.

These properties had been under lease from the Port to the San Francisco Redevelopment Agency and were entered in phases between 1984 and 2002.

The construction of the harbor was financed through $23.9 million in revenue bonds and an $8 million State of California Department of Boating and Waterways loan. In accordance with the bond indenture, the Port has set up the South Beach Harbor finances as a separate fund to maintain the bond covenant requiring that the debt service pledge is limited to South Beach Harbor revenues.

Upon dissolution of the San Francisco Redevelopment Agency earlier this year, these leases were assumed by the City as the successor agency. The City has asked the Port to assume and operate the underlying assets and their corresponding obligations inclusive of a regulatory requirement of the San Francisco Bay Conservation and

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Development Commission (BCDC) permit condition, issued on March 16, 1984, to make improvements to the south apron of Pier 40 for public access, and install a walkway on the breakwater and public restrooms in the Pier 40 shed by December 31, 2017. In 2004, this uncompleted work was estimated at $6.2 million.

As detailed in the June 7, 2012 staff report, all 700 slips at South Beach Harbor are fully occupied and there is currently a waiting list in excess of 1800 boaters. Approximately 65% of the registered slip holders are not residents of the City and County of San Francisco.

Also as detailed in the June 7, 2012 staff report, projected harbor revenues will not fully fund projected harbor expenses, including servicing the outstanding debt. Based upon the proposed FY 2012/13 budget, without increases in revenue or reductions in expenses, the harbor can expect an approximate deficit of $800,000 per annum. Furthermore, the revenues do not provide for any mechanism to fund future capital improvements nor funding for the above- mentioned BCDC permit requirement.

The Agency was aware that the berthing rates were significantly below the current market, however no action to raise rates was taken. Port staff, alarmed by the operating deficit, subsequently contracted with David Tattersall & Company to carry out a rate survey to be completed in accordance with the Uniform Standards of Professional Appraisal practices. The scope of the assignment was "research and verification of marina slip rental rates, market trends and facilities and competitive Bay Area marinas with analysis of the rates and estimate of the range of the market rental rates for the subject marina slips".

The conclusion of the rate survey agreed with the earlier Redevelopment Agency belief that *"the subject rates are clearly below market."* Further the rate survey analysis stated that South Beach Harbor slip rates *"call for sizable increases and reflect how much below market the current rates are. However, such sizable increases will likely have to be phased in over time."*

Meetings with Stakeholders - At the June 12, 2012 Port Commission meeting, members of the South Beach Harbor and South Beach Yacht Club asked to work with Port staff to discuss a number of issues including rate increases, parking and capital planning. Port staff has held a series of meetings with members of the newly formed Advocates for South Beach Harbor (ASBH) to look at the looming issues and explore ways to make the harbor self-sufficient and to keep it as San Francisco's premier destination marina. We have also had meetings with representatives of the South Beach Yacht Club, although not all members of the Yacht Club are slip holders at South Beach Harbor.

Over a series of meetings, Port staff has explored various options for balancing revenues and expenses. There were numerous discussions regarding the methodology of our rate survey. Harbor users were also concerned about the pending transfer from the Redevelopment Agency to the Port, particularly in light of the financial realities, and were also concerned about ongoing parking conflicts and an overall concern that the harbor continue to be maintained and operated in a professional manner.

Proposals

Based on discussions with stakeholders, several different scenarios for setting rates, and a closer review of the other public marina in San Francisco, Port staff have devised the following proposals to address revenue stability and ensure continued operations at the level enjoyed to date at South Beach Harbor. Port staff present this proposal for the Port Commission's review and feedback, and thereafter, will continue to work with slip holders to arrive at a final recommendation.

BERTHING RATES: Port staff acknowledges that the San Francisco Marina represents the best berthing rate comparable for South Beach Harbor. The San Francisco Marina is publicly owned and is managed and operated by the San Francisco Parks and Recreation Department. It consists of 670 slips split into a west and east marina. It is the only other publicly managed pleasure craft marina in San Francisco[1]. San Francisco Marina offers a comparable level of berths and amenities, such as parking passes[2]. San Francisco Marina offers a good model for metering and assessing electrical usage that the Port is studying for use at South Beach Harbor.

Port staff proposes that South Beach Harbor charge the same level of berthing rates as were recently adopted by the San Francisco Board of Supervisors for San Francisco Marina (west area) plus a surcharge for electrical usage as further discussed below. As indicated in the table below, the San Francisco Marina rates are higher than many other marinas in the San Francisco Bay in recognition of both the exemplary location and quality of the services provided. However, Port staff acknowledge that there are other marinas that offer equally desirable locations, such as Sausalito, and greater amenities, and charge a higher berthing rate than the San Francisco Marina (west) rate. The table below provides a summary of comparable berth rates, excerpted from the Tattersall Report, per month, per linear foot, for slips of 28, 38 and 48 feet:

Harbor	28' Slip	38' Slip	48' Slip
Pelican Yacht Harbor	$ 15.00	$ 15.00	n/a
Marina Plaza Harbor, Sausalito	$ 12.60	n/a	$ 15.75
San Francisco Marina, *FY 2012-13*	$ 11.77	$ 14.60	$ 14.60
Marina Bay Harbor, Richmond	$ 9.87	$ 9.00	n/a
Emeryville City Marina	$ 9.83	$ 10.63	n/a
Jack London Marina	$ 9.73	$ 11.58	n/a
Ballena Island Marina, Alameda	$ 9.37	$ 11.13	$ 11.70
Berkeley Marina	$ 9.20	$ 9.20	$ 9.75
South Beach Harbor, SF	$ 8.70	$ 10.37	$ 11.93

EFFECTIVE DATES: In recognition of the hardship incurred when rates are raised, Port staff proposes a three-year phased approach with three equal increases until rate

[1] Treasure Island Marina is owned by the City but is managed by a private marina operator.
[2] San Francisco Marina provides two parking passes to each berth holder

parity is reached with San Francisco Marina (West). San Francisco Marina is undergoing a much needed refurbishment and upon completion, the Park and Recreation Commission as well as the Board of Supervisors have approved rate increases that are currently higher than South Beach Harbor's rates. Port staff proposes that, for current slip holders, new rates be imposed each January 1 on January 1, 2013, January 1, 2014 and January 1, 2015.

Port staff propose that new slip holders, currently on the waiting list, be assessed the full increase immediately upon leasing the slip. For example, a new slip holder leasing a 38 foot slip on December 1, 2012 would pay $14.60 per linear foot, per month beginning with the first payment.

WAITING LIST FEES: Currently, boaters on the South Beach Harbor waiting list pay a one-time fee only of $80. Port staff propose that boaters on the waiting list pay $75 per year, each January 1 that they remain on the list, which is consistent with the charges at the San Francisco Marina.

ELECTRICAL USAGE: Unlike many other harbors, South Beach Harbor's slips are not individually metered for electricity. (San Francisco Marina (west) will soon be outfitted with individual meters.) To create a more equitable assessment per user, Port staff recommends prioritizing in the FY 2013/2014 capital budget, a capital improvement project to install individual meters so that electrical charges will be invoiced directly to berth holders based upon actual usage. Port staff is exploring the cost and feasibility of such a project.

In the interim. Port staff propose that each vessel at South Beach pay an electrical usage surcharge indexed by the size of the vessel. This electrical surcharge would be $0.54 per linear foot per month. Upon completion of the installation of individual meters, berthing rates would be reduced by $0.54 per linear foot.

The tables below illustrate the proposed rates per respective slip size. The first table illustrates how the proposed rates would be phased in over the next three years for existing slip holders and the corresponding additional revenue. Under this proposal, South Beach Harbor would experience an aggregate operating shortfall in the first two years of $862,000.

The second table shows how the monthly slip payments are adjusted upon inclusion of the $0.54 electrical surcharge over the three year period.

South Beach Harbor Rates

Slip Size	Total Berths	CURRENT $/FT	PROPOSED RATE INCREASE $/FT as of Jan 2013	$/FT as of Jan 2014 [1]	$/FT as of Jan 2015 [1]	REVENUE IMPACT FY 12/13	FY 13/14	FY 14/15
26	20	$ 8.58	$ 9.81	$ 11.04	$ 12.31	$ 55,643	$ 63,099	$ 70,669
30	200	$ 8.70	$ 9.89	$ 11.08	$ 12.31	$ 649,208	$ 732,409	$ 816,870
34	198	$ 9.35	$ 10.33	$ 11.30	$ 12.31	$ 771,134	$ 847,601	$ 925,226
38	92	$ 10.37	$ 11.84	$ 13.31	$ 14.82	$ 451,816	$ 511,596	$ 572,281
42	89	$ 10.79	$ 12.12	$ 13.45	$ 14.82	$ 498,253	$ 556,179	$ 614,982
46	42	$ 11.93	$ 12.99	$ 14.05	$ 15.14	$ 280,288	$ 304,075	$ 328,222
50	35	$ 12.24	$ 13.20	$ 14.15	$ 15.14	$ 259,076	$ 278,570	$ 298,359
TOTAL	**676**					**$2,965,419**	**$3,293,528**	**$ 3,626,609**

[1] Berth rates subject to annual CPI adjustment. Rates in 2014 and 2015 are not reflected with CPI adjustment yet.

MONTHLY BERTHING RATES COMPARISON

Slip Size	South Beach Harbor (current)	San Francisco Marina (west)*	South Beach w/electricity 1/13	South Beach w/ electricity 1/14	South Beach w/ electricity 1/15
26'	223.00	306.00	254.00	284.00	314.00
30'	261.00	353.00	330.00	398.00	466.00
34'	318.00	400.00	398.00	458.00	528.00
38'	394.00	542.00	460.00	525.00	590.00
42'	453.00	599.00	520.00	586.00	652.00
46'	549.00	671.00	617.00	683.00	749.00
50'	612.00	730.00	693.00	773.00	853.00

*** San Francisco Marina electrical charges are metered and separately invoiced**

PARKING LOT MANAGEMENT: Currenlty, parking availability is stressed by the harbor's proximity to downtown, the growing South Beach community and usage of AT&T ballpark. Boaters, during busy periods or ballgames, are frustrated to find no or limited parking availability. The harbor was built before both the building of the ballpark and growth in the South Beach community, and parking operations have not been updated to reflect the new reality.

The harbor has two parking areas, the first is a surface lot on Pier 40 consisting of approximately 38 spaces, and the second is the gated 167 space parking lot adjacent to the South Beach Harbor Office and South Beach Yacht Club. Currently, each slip holder can have two annual parking passes as a component of their berthing rates. With nearly 700 berths, this equates to 1,400 parking passes for 205 physical parking spaces. In order to better manage the parking operations, Port staff proposes the following revisions to the current parking program:

- Port staff proposes that the Pier 40 lot be metered, and priced at on-street parking meter rates, with the exception of handicapped spaces and a new, five-space loading zone to allow slip holders to unload provisions and gear. The lot will be monitored by Department of Parking and Traffic staff.

- Each slip holder will be able to procure one parking pass for the gated lot (adjacent to the Yacht Club) as a part of their berthing fees. Port staff proposes that a second pass be available for purchase by slip holders or registered partners for an annual fee of $600, payable each January 1. Port staff further proposes that day passes for crews or visitors will be sold by the harbor staff for $10.00 per day.

It is hoped that these new pricing and lot realignment proposals will result in less abuses particularly during ballgames and special events. Port staff proposes to work

with the South Beach Harbor Association and the South Beach Yacht Club to monitor the performance of the parking lot operations with the goal of prioritizing and maintaining access for slip holders.

South Beach Harbor and Pier 40 Revenues and Expenses

	Status quo	Projection with Rates Adjustment		
	2012-2013	FY 2012-13	FY 2013-14	FY 14/15
Personnel				
Salaries	553,282	553,282	565,318	576,624
Fringe	207,481	207,481	211,994	216,234
Non-Personnel	1,618,672	1,738,672	1,789,633	1,825,425
Debt Service	1,914,780	1,914,780	1,912,780	1,914,380
Designated to Capital Improvement	-			57,915
Operating Uses	**4,294,215**	**4,414,215**	**4,479,725**	**4,590,579**
Harbor Rents				
Berth Rents	2,848,445	2,965,419	3,293,528	3,626,609
On Shore Tenants	156,804	156,804	159,940	163,139
Daily Transients	255,000	285,600	314,160	345,576
Parking	96,900	225,900	272,838	272,838
Other Income	86,700	86,700	88,434	90,203
Wait List Fees	-	50,000	50,000	50,000
SF Ginats SB Park	40,575	40,575	41,387	42,214
Subtotal Operating Revenue	**3,484,424**	**3,810,998**	**4,220,287**	**4,590,579**
Deficit	809,791	603,218	259,438	0
Operating Sources	**4,294,215**	**4,414,215**	**4,479,725**	**4,590,579**

Conclusion

The transfer of the South Beach Harbor and other properties formally leased to the Redevelopment Agency back to the Port was an unexpected development. Nonetheless, Port staff is excited to have management responsibility for one of, if not the best, harbors in Northern California. We believe that these proposals are the first step towards bringing the South Beach Harbor back to financial self-sufficiency. A phased approach to raising rates to the proposed level will soften the impact to users but still reduce the operating deficit and within three years allow the Port to begin to generate harbor revenues to fund needed capital improvements.

Through this process, Port staff has established a working relationship with the Advocates for South Beach Harbor, the South Beach Yacht Club, the Bay Area Disabled Sailors organization and other stakeholders. Port and Harbor staff are planning on holding another town hall type meeting at the Harbor to listen to slip holders

and other stakeholders to discuss the financial challenges that we face and the above proposals. We are promising continuing dialogue and transparency with these organizations going forward.

Port staff anticipates completing review of its proposals and returning to the Port Commission on September 25, 2012 for further review and possible action.

Prepared by: Peter Dailey
Deputy Director, Maritime

PORT OF SAN FRANCISCO

MEMORANDUM

August 9, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Willie Adams
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director

SUBJECT: Second Informational Update on the June 20, 2012 Pier 29 Fire Damage and Port response

DIRECTOR'S RECOMMENDATION: Informational Only; No Action Required

The purpose of this item is to provide the Port Commission and the public with an update on emergency construction and engineering required to stabilize the Pier 29 bulkhead and shed, and on further investigation and actions taken relating to fire and water damage to the structure, historic architecture, electric power system and the fire protection system.

BACKGROUND

At the July 10, 2012 Commission Meeting, Port staff and Port consultants made an informational presentation on the fire damage to Pier 29. This report is an update to that information. On June 20, 2012 a fire caused damage to the Pier 29 bulkhead and shed building. The valley area between Pier 29 and Pier 27, to be used as part of the America's Cup village in 2013, was unharmed. Similarly, the James R. Herman Cruise Terminal construction project at the adjacent Pier 27 was also undamaged.

Pier 29 is located in the San Francisco Embarcadero Historic District which is listed in the National Register of Historic Places. The Pier 29 shed was built in 1915 and is approximately 164,000 square feet in area. The bulkhead portion of the building fronting on the Embarcadero was built in 1918 in the neoclassical architectural style together with Pier 29½ and Pier 31.

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STABILIZATION AND REPAIR STRATEGY

The iterative process of discovery of the extent of fire damage, revealed that the stabilization and repair must be approached in multiple phases. Phase I consists of building stabilization and immediately necessary repair work. Phase II will consist of bulkhead shell reconstruction, and Phase III will consist of code upgrades, as required by the applicable building code provisions.

Phase I: In accordance with the City's Administrative Code and under authority of Port Commission President Woo Ho, Port staff initiated a Declaration of Emergency on June 21, 2012 which authorized Emergency Repair, Work and Contracts to mitigate the unsafe conditions at Pier 29. The emergency response contracts were issued to two separate firms:

1. Turner Construction, Contract No. 2760, Pier 29 Emergency Fire Repair, for selective demolition and construction to eliminate the public safety hazard of a building collapse, to stabilize the roof and walls of the building with shoring and bracing, to investigate the extent of the damage and to reopen the sidewalk; and

2. Creegan + D'Angelo Engineers and Carey & Company, Inc. historic preservation architects, for engineering and architectural services which include developing recommendations on a plan for repair and restoration and developing the related repair contract documents including repair construction support.

Even though the Emergency Contracts waive requirements for the City's Local Business Participation Policies for Construction and as-needed Consultants, the Port will be making every effort to maximize participation with firms that are LBE certified.

Work in Phase I includes initial selective demolition and stabilization, investigation and reporting of damage to electrical, water and gas service, interior shoring of the South wall, construction of a new separation wall between the damaged bulkhead and the shed, repairs to fire damaged portions of the roof, repairing the existing wall separating Pier 29 from 29½, cleaning up of the fire damage and lead abatement in the shed, and installation of a barricade and scaffolding at the exterior wall. The scaffolding will include a fabric wrap.

Contracts for emergency Phases II and III: Work in Phase II will be executed under emergency contracting authority, see Port Commission Item 7B for the August 14, 2012 meeting. Scope will be limited to bulkhead shell reconstruction, triggered seismic upgrades to the area of construction, and potentially, fire sprinklers.

The America's Cup Event Authority has requested bulkhead shell reconstruction be substantially completed by March 1, 2013. Work anticipated for Phase II includes design and construction to replace the structural components in kind, additional structural elements required for seismic upgrades, reconstruction and refurbishing of doors, windows, roof, stucco, the roof monitor, and utilities.

To achieve the requested March 1, 2013 substantial completion date, Port staff is in conversation with Turner Construction, along with Architectural Resources Group, Creegan + D'Angelo and their sub consultants, and our insurance carriers to develop the scope and schedule. Architectural Resources Group possesses a unique combination of expertise in conservation of historic building materials and construction. The contracts terms will be consistent with the Cruise Terminal contract, and the as-needed engineering contract, which followed the competitive selection processes.

The Board of Supervisors declaration of an emergency with respect to the Pier 29 fire authorized that contracts for the pier 29 stabilization and repair work could be executed as emergency work.

The extent of scope for Phase III, life safety and accessibility code upgrades triggered by the applicable building code provisions, will be determined through negotiations with Port building officials and the Port's insurance carrier.

Regulatory Permits
The Phase I emergency work is exempt by statue under State California Environmental Quality Act Guideline, Section 15269. Additional exemptions and BCDC repair notifications will be required for the next phases. The fire damage clean up and abatement work in Pier 29 shed, and Pier 29½ will be performed by a Certified Industrial Hygienist (CIH) with oversight by Port staff. Contractors have successfully obtained building and encroachment permits for work in Phase I.

As the Pier is a contributor to the Embarcadero National Register Historic District, Port staff and the Port's historic preservation architects, Carey & Company, provided informational briefings on the project to the SF Historic Preservation Commission and the Port's Northeast Waterfront Advisory Group on August 1' 2012. Those briefings were well received.

Schedule
Phase I work relating to architectural and structural scope is nearing completion. Staff anticipates that work relating to electrical, water and gas restoration will be complete by early November, 2012.

Funding and Budget
Work for replacing the building in-kind with code upgrades is covered by the Port's insurance carrier, AIG, Lexington Insurance. A check for $2,000,000 was presented to the Port on August 8, 2012 to cover contract costs incurred for the initial emergency work. Cost proposals, as they are received are reviewed by Creegan + D'Angelo Engineers, Port staff, and the Port's insurance carrier. The insurance policy requires a $500,000 deductible. The Port's emergency capital project fund will cover the deductible.

34TH AMERICA'S CUP

The America's Cup Village will be located at Pier 27 and the valley between Piers 27 and 29 in 2013. Specifically, the valley area will house a performance stage, retail

merchandising, exhibitions and displays, race viewing, food and beverage sales, and ancillary support functions. Portions of the valley will be delivered to the Event Authority in the coming weeks so that they can begin their preparations for the 2013 events.

The America's Cup Event Authority has requested that the scaffolding be installed prior to the August 21, 2012 race events, with a fabric wrap to conceal the damage from the village area. The fabric wrap will include a graphic of the original exterior appearance of Pier 29, which will be in place for the duration of the bulkhead reconstruction.

The Pier 29 Shed, and now, also the bulkhead, are scheduled for use by the Event Authority in 2013. Expected activities in the Pier 29 Shed currently consist of "back of house" functions such as a possible "green room" for the entertainment stage, retail space, general storage and event support functions. The Port Engineering staff is working with our consultants to devise a repair and restoration plan for the bulkhead with the goal of having the façade repaired and/or restored in time for the 2013 activities.

FUTURE ACTION

Power for the cruise terminal project has been identified as a critical item, and is being addressed along with all of the permanent electric power restoration to Piers 33, 31, 29, 29½ and 27 in November. Additionally, the Port is in the process of identifying building code criteria and regulations for the fire damage repair construction plans and is working with the City and insurance carrier to define fire damage repair construction allowed by the policy coverage. This includes consideration of "code upgrades" and "green building upgrades" for incorporation into the project, as appropriate.

Throughout the next several weeks, Port Engineering staff will continue to work with our consultants to devise an appropriate repair and restoration plan and schedule. Port Engineering staff will return to the Port Commission as soon as possible to present an update on the code assessment findings and recommended repair plan.

Prepared by: Wendy Proctor, Architect

Prepared for: Ed Byrne, Chief Harbor Engineer

Exhibit #1

Pier 29 Fire Damage - Photograph

PORT OF SAN FRANCISCO

MEMORANDUM

August 9, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Willie Adams
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director

SUBJECT: Informational presentation regarding Lease No. L-15169 with Autodesk, Inc. a Delaware Corporation, for approximately 8,391 square feet of office space and unimproved shed space with a term of 66 months, located at Pier 9 at the foot of Broadway and The Embarcadero

DIRECTOR'S RECOMMENDATION: Informational Only-No Action Required

I. BACKGROUND

Autodesk is an American multinational corporation that focuses on 3D design software for use in the architecture, engineering, construction, manufacturing, media and entertainment industries.

Autodesk was founded in 1982 by John Walker a co-author of the first versions of the company's flagship CAD software product. Autodesk software has been used in the design of everything from the New York Freedom Tower to Tesla electric cars.

Autodesk recently acquired Instructables, which is a web-based company that specializes in user-created and uploaded do-it-yourself projects. Instructables is dedicated to step-by-step collaboration among members to build a variety of projects. Users post instructions to their projects, usually accompanied by visual aids, and then interact through comment sections below each Instructables step as well as in topic forums.

II. LEASE PROPOSAL

To accommodate the space requirements of Instructables, Port staff and Autodesk began discussions in June 2012 for a site along the waterfront. These negotiations have led to the development of the proposed Lease No. L-15169.

THIS PRINT COVERS CALENDAR ITEM NO. 12A

The Lease provides for approximately 3,333 square feet of office space and approximately 5,058 square feet of unimproved shed space located at Pier 9 (see attached location map). The office space was originally constructed in 1996 and is now functionally obsolete. The office space has been vacant since 2010. The unimproved shed space is an open area, currently being used for a trash enclosure, construction material storage, and parking.

The initial monthly rent prior to rent credit deductions is $13,821.75 per month or $2.25 per square foot for the office space and $1.25 per square foot for the unimproved shed space. Both rates are in-line or slightly higher than the FY 2012/2013 Port Commission approved parameter rates for Pier 9 office and shed space. The monthly rent will be increased by 3% annually beginning on the first anniversary date of the Lease.

The Lease provides for a sixty-six (66) month term that includes a 180-day (180) rent abatement period during which no rent is paid for the purpose of constructing core and shell and tenant improvements (the "Improvements").

In general, core and shell improvements consist of the building envelope and building level systems. Tenant improvements in general are alterations made to rental premises in order to customize it for the specific needs of a tenant such as painting, installing partitions, changing the flooring, putting in customized light fixtures and so on. Typically, these improvements increase the value and the marketability of rental space.

Autodesk will construct a minimum of $3,230,745 of Improvements; consisting of enclosing existing unimproved shed space to construct a 5,058 square foot workshop-space, new non-permeable floors, wall construction and window installation (floor to ceiling windows), replacement of existing doors and windows, complete renovation of the existing office space, installation of Heating Ventilation and Air Conditioning system, new electrical service and data systems, constructing of American's with Disabilities Act ("A.D.A") compliant bathrooms, paths of travel, an accessible entry-way, a demonstration kitchen, and an elevator. Core and shell improvements represent $1,635,383 of the total project costs, which total $3,230,745.

Autodesk will also install a solar panel system on the Pier 9 roof-top to supplement and minimize its electrical usage from the power grid. All of these Improvements will have added value to the premises at the end of the Lease term.

The rent will commence one-hundred-eighty-one days from the lease commencement date regardless of whether or not the improvements are completed. All tenant improvements will remain at the expiration of the Lease at no cost to Port.

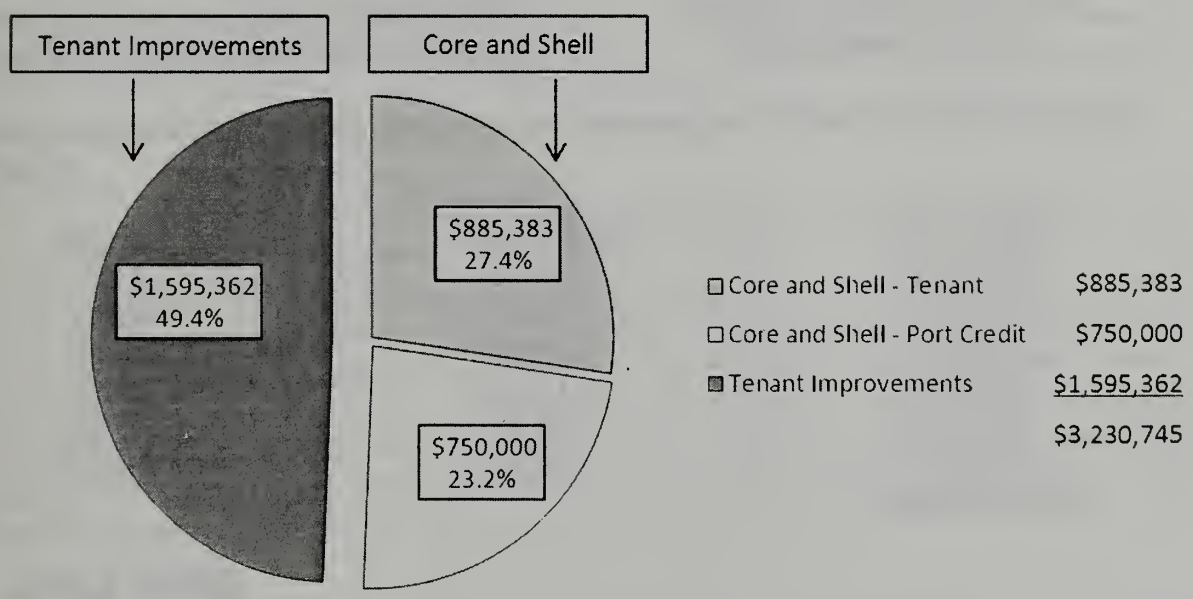
Autodesk will have the right to early termination after the thirty-sixth month (36th) of the Lease without penalty or without rights to any unamortized credits. All improvements will remain at the termination of the Lease. The work-shop space can easily be converted to high-demand open plan office space.

III. ANALYIS

This Lease will be brought before the Port Commission because the lease term, the rent abatement period, and the amortized credit exceed the criteria found in the Commission approved business parameters. All other terms and conditions, including rental rate, conform to the Port Commission's previously approved parameter terms and conditions.

The initial monthly rent prior to rent credit deductions is $13,821.75 or $2.25 per square foot for the office space and $1.25 per square foot for the unimproved shed space are in-line or slightly higher than the Port Commission parameter rental rate for the FY 2012/2013 for office and shed space at Pier 9.

Autodesk will make a significant capital investment in Port property in the amount of $3,230,383 or $385 per square foot for core and shell and tenant improvements. In consideration of this investment into Port property the Lease provides for a 180-day rent-abatement period in the amount of $82,930.50 or $9.89 per square for the construction of the improvements. The Lease also will allow for an amortized credit in the amount of $667,069.50 that may be deducted at a rate of $11,117.83 per month in months 6-66 for the core and shell improvements only. The total credit provided in the Lease represents about 23.4% of the total construction budget.



The difference between Autodesk's investment and the rent abatement is $295.61 per square foot or $2,480,745 million in net capital investment made directly by Autodesk into Port property. The credits in months 6-66 are contingent on the completion of all improvements.

This chart compares a similar development lease in which significant capital investments were made into Port property and were credits were allowed for core and shell improvements.

Year commenced	**2012**	**2008**
	Autodesk	Pilara
Initial Rate psf	$2.25 $1.25	$ 1.02
Term in months	66	120
Premise total sf	8,391	27,311
Credit PSF	$79.14	$ 108.00
Capital Invest. PSF	$381.36	$ 439.00
Net Capital Invest.	$302.22	$ 331.00
Capital Invesment	$3.2 Million	$12 Milion

Major Core and Shell improvements (Reimbursed by Credits)	**Tenant Improvements Not Funded By Credits**
ADA Elevator	Carpet, Paint, and Wall Coverings
Wall Construction to Enclose Parcel B	Cabinets and Fixtures
Heating Venation and Air-conditioning	Lighting System
Fire Sprinkler System	Kitchen and Appliances
Floors	Internal Demising Walls
New Electrical and Natural Gas Service	Interior Doors and Windows
Structure Supports and Seismic Bracing	Room/Space Partitions

Assuming maximum rent credits are given, the net rent paid to the Port is shown in the table below.

Month	Monthly Rent	Annual Rent
7-12	$2,571	$15,426
13-24	$3,007	$36,084
25-36	$3,443	$41,316
37-48	$3,911	$46,932
49-60	$4,431	$53,172
61-66	$4,951	$57,276
		Total $250,206

IV. LEASE TERMS

Tenant:	Autodesk, Inc. a Delaware Corporation
Lease Number:	L-15169
Premises:	Approximately 3,333 square feet of office space and approximately 5,058 square feet of unimproved shed space located at Pier 9.
Term:	66 months
Lease Commencement Date:	Anticipated by October 1, 2012.

Rent Commencement Date:	Anticipated April 1, 2013.
Lease Expiration Date:	February 2017
Early Termination by Tenant:	At month 36 or if the Port is unable to deliver the premises by February 1, 2013.
Initial Monthly Rent:	$13,821.75
Rent Adjustment	3% increase on each anniversary of the Rent Commencement Date.
Use:	Office, research and development and workshop space uses.
Tenant Improvements:	$3,230,745 of core and shell and tenant improvements within 180 day of the term.
Performance Bond:	Tenant shall provide Contractors Performance Bond & Payment (Labor and Material) Bond
Rent Abatement Period:	180 days
Amortized Credit:	Tenant shall receive a maximum credit in the amount of $667,069 that may be deducted from the monthly rent in months 6-66 contingent on the completion of the improvements and only for core and shell improvements,
Maintenance and Repairs:	Tenant shall have the right to make repairs at its sole cost and expense.
Holding Over:	Holding Over after expiration with Port Consent the monthly rent shall be increased by 125%; without consent 150%
Security Deposit:	Tenant shall provide a Security Deposit equal to two (2) month's Base Rent due in the last year of Lease.
As Is:	The Premises shall be accepted in its "as is" condition.
Insurance:	Tenant shall provide standard insurance coverage acceptable to Port and City Risk Manager.
City Requirements:	The lease includes provisions requiring Tenant to comply with all applicable City laws, including but not limited to, Non-Discrimination, First Source Hiring, Health Benefits Coverage, Limitation on Contributions, Prevailing Wages and other applicable laws.

V. RECOMMENDATION

Port staff anticipates returning to the Port Commission at its September 11, 2012 meeting to seek approval of No. L-15169 with Autodesk, Inc. a Delaware Corporation for premises located at Pier 9 for a term of 66 months.

Prepared by: Jeffrey A. Bauer, Senior Leasing Manager

For: Susan Reynolds, Director of Real Estate

PORT OF SAN FRANCISCO

MEMORANDUM

August 9, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Willie Adams
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director

SUBJECT: Request authorization to Issue Request for Proposal for a Restaurant Opportunity Site located at 295 Terry Francois Boulevard, near Pier 48

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

BACKGROUND

The restaurant site located at 295 Terry Francois Boulevard, formerly known as "Jelly's-a Dance Café", is a free standing two story building consisting of approximately 3,387 square feet of interior space and approximately 8,525 of exterior space [see Exhibit A (the "Restaurant")]. The building was most recently operated as a restaurant by Corzac, Inc. doing business as Jelly's-a Dance Cafe under Port Lease No. L-11792. The lease was terminated on November 7, 2011.

Under the Port Commission Retail Leasing Policy, vacant retail leasing opportunities must be offered through the competitive public solicitation process unless impractical or impossible. Additionally, pursuant to the San Francisco Charter Section 9.118, any lease with a term of ten or more years, or any lease having anticipated revenue to the Port of one million dollars or more requires approval by the Board of Supervisors.

In compliance with these policies, Port staff proposes to issue a Request for Proposals (the "RFP") from qualified restaurant operators for the design and renovation of the existing building and operation of a new restaurant at 295 Terry Francois Boulevard. Selection of a restaurant operator and approval of the required lease will be subject to future Port Commission action, as well as Board of Supervisors' approval if necessary.

THIS PRINT COVERS CALENDAR ITEM NO. 12B

PROJECT OBJECTIVES

The re-development of the Restaurant should address the following objectives:

1. Provide a high quality casual dining restaurant with on-premises dining to serve the southern waterfront community and the larger San Francisco and Bay Area community.

2. Encourage participation by Local Business Enterprises ("LBEs") in the RFP process.

3. Provide for a physical renovation of a currently vacant facility.

4. Maximize Port revenue from the site.

5. Provide a project consistent with the policies, standards and design criteria in the Waterfront Plan.

PROPOSED RENT AND KEY LEASE TERMS

The actual terms of the lease will be negotiated by Port Staff and will be subject to final approval by the Port Commission and, possibly, the San Francisco Board of Supervisors.

Base Rent
A minimum base monthly rental rate will not be set in the RFP. Instead, the Port will require Respondents to propose a monthly base rate that is comparable to or exceeds market rates for similarly situated restaurants on the San Francisco waterfront of comparable class, size and use. Periodic adjustments of base rent must also be proposed comparable to market rates for similarly situated restaurants on the San Francisco waterfront of comparable class, size and use.

Percentage Rent
Proposals must also include a Percentage Rent payable to the Port on gross receipts for food, beverages and merchandise. The percentage rent rate should be comparable or exceed market rates for similarly situated restaurants on the San Francisco waterfront of comparable class, size and use, with a minimum rate of 7% of gross receipts for on-premises sites of food, beverages and merchandise.

The higher of the Base Rent or the Percentage Rent would be payable to the Port on a monthly basis. In any month in which the Percentage Rent does not exceed the Base Rent, only the Base Rent would be payable to the Port.

Permitted Use
Full service moderately priced casual dining restaurant.

Prohibited Uses
Night Club or entertainment venue use or any activity that requires an After Hours Permit from the San Francisco Police Department.

Term
The initial term of the lease should not exceed 15 years. Respondents may propose a term extension option(s).

Deposit
Respondents will be required to submit an earnest money deposit of Twenty Thousand Dollars ($20,000) along with responses to the RFP. The deposit of the successful Respondent, if any, will become non-refundable upon entering into exclusive negotiations.

Sale/Transfer/Refinancing
The Port expects to participate in the proceeds that the tenant receives from the subsequent sale, transfer or refinancing of the leasehold.

Performance and Construction Guarantees
The proposed lease will include standard tenant performance and construction completion guarantees.

Restaurants Rules and Regulations
Lease will include standard Port language that sets forth parameters within which the Tenant operates including for example, noise, and hours of operation.

Maintenance/Repairs
During the term of the lease, the tenant shall be responsible for all improvements, maintenance, repairs and operating expenses associated with the Restaurant, including any non-exclusive areas.

SELECTION

Port staff would issue an RFP package consistent with standards set by prior Port RFPs. The package would include a site map, a narrative description of the opportunity, environs, site, Port development objectives, design review and other required regulatory approvals, lease parameters, selection criteria, process and schedule and submittal requirements.

Proposals submitted to the Port would be analyzed to select the most qualified respondent. Selection criteria would include: the experience and reputation of the respondent, the quality of the development concept, the financial viability of the proposal, economic return to the Port and the respondent's demonstrated ability to finance, design, construct and operate a restaurant at the proposed site.

Port staff would then return to the Port Commission to present the selection results and seek approval of the selected respondent. Following Port Commission approval, Port staff would then enter into a 60-day direct negotiation period (subject to extension by Port) with the goal of completing a lease with the selected respondent utilizing the Port's standard lease format. Port staff would next return to the Port Commission and seek approval of the completed lease, subject to Board of Supervisors' approval if necessary.

The earnest money deposits will be returned to the respondents not selected.

LOCAL BUSINESS ENTERPRISE PARTICIPATION

The Port of San Francisco encourages the participation of Local Business Enterprises ("LBEs") in the RFP process. Port staff will conduct outreach to LBEs through the Port's Website, City's Human Rights Commission, print advertisement, and targeted mailings.

PROJECTED RFP SCHEDULE

Port Commission Authorization to Issue RFP:	August 14, 2012
Issue RFP:	August 15, 2012
Site Tour for prospective Bidders:	August 30, 2012
Submittal Deadline:	September 26, 2012
Selection of respondents:	October, 2012
Port Commission Approval of respondent (est.):	October/November, 2012
Port Commission Approval of lease (est.):	November/December, 2012
Board of Supervisors Approval of Lease (est.):	January 2013

PORT COMMISSION AND BOARD OF SUPERVISORS APPROVAL

The final lease will be presented to the Port Commission for approval and depending on the term or projected revenue it may also be presented to the Board of Supervisors of the City and County of San Francisco for approval.

RECOMMENDATION

Port staff recommends that the Port Commission approve the attached resolution authorizing staff to prepare and offer, through the RFP process, a lease for the renovation and operation of a restaurant located at 295 Terry Francois Boulevard.

Prepared by: Jeffrey A. Bauer, Senior Leasing Manager
Elsa Lamb, Commercial Property Manager

For: Susan Reynolds, Director of Real Estate

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 12-63

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control lands within Port jurisdiction; and

WHEREAS, the Port owns an approximately 3,387 square foot restaurant building located at 295 Terry Francois Boulevard formerly known as "Jelly's- a Dance Café" (the "Restaurant"); and

WHEREAS, the Restaurant is currently vacant and in need of renovation; and

WHEREAS, there is demand for a waterfront restaurant in the vicinity of the Restaurant to serve the central waterfront community and the larger San Francisco and Bay Area community; and

WHEREAS, Port Commission policy requires competitive bidding for retail opportunities unless impractical or impossible; and

WHEREAS, the Port Commission now wishes to proceed with the renovation and lease of the Restaurant; therefore, be it

RESOLVED, that the Port Commission authorizes staff to offer the opportunity for the renovation, lease and operation of the restaurant facility located at 295 Terry Francois Boulevard formerly known as Jelly's- a Dance Cafe, through a request for proposals (the "RFP") process consistent with Port and industry standards including the terms set forth in the Memorandum to the Port Commission dated August 9, 2012 a copy of which is on file with the Port Commission Secretary.

I hereby certify that the Port Commission at its meeting of August 14, 2012 adopted the foregoing Resolution.

_____
Secretary

PORT OF SAN FRANCISCO

SAN FRANCISCO PORT COMMISSION

AUGUST 14, 2012
MINUTES OF THE MEETING

GOVERNMENT
DOCUMENTS DEPT

SEP - 7 2012

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MEMBERS, PORT COMMISSION
HON. DOREEN WOO HO, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. WILLIE ADAMS
HON. LESLIE KATZ

MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE MEETING
AUGUST 14, 2012

1. CALL TO ORDER / ROLL CALL

Port Commission President Doreen Woo Ho called the meeting to order at 1:50 p.m. The following Commissioners were present: Doreen Woo Ho, Kimberly Brandon and Leslie Katz. Commissioner Willie Adams was not present.

2. APPROVAL OF MINUTES – July 10, 2012

ACTION: Commissioner Brandon moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. The minutes of the July 10, 2012 meeting were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

Dennis MacKenzie - I provided you with a copy of my proposal to include a high school classroom in the basketball arena. It deals with the agenda that you have for closed session on the potential financial gains by creating jobs and career guidance for our students in the future. There are a lot of ways that financial gain can be assessed besides just money and bank accounts. I hope you consider my proposal for a high school classroom.

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session.

ACTION: Commissioner Katz moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

At 1:50 p.m., the Commission withdrew to executive session to discuss the following matters:

An Executive Session has been calendared to discuss the following matters:

(1) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative:***

a. Property: Pier 28½, submerged Bay lands and portions of the shoreline at the foot of 23rd Street

Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development and Brad Benson, Special Projects Manager
*Negotiating Parties: Developer: Pacific Gas & Electric: Darin Polsley

b. Property: Piers 30/32 and Seawall Lot 330
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development and Brad Benson, Special Projects Manager
OEWD: Jennifer Matz, Ken Rich, Tamsen Drew
*Negotiating Party: Golden State Warriors and GSW Arena LLC: Rick Welts, Jesse Blout, Michael Cohen

c. Property: Block 4111, Lots 3 and 4; Block 4110, Lot 1; Block 4046, Lots 1 and 2; also known as Pier 70 20th Street Historic Buildings, located near the intersection of 20th Street and Illinois
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development
*Negotiating Parties: Developer: Orton Development, Inc.: J.R. "Eddie" Orton III, President

5. RECONVENE IN OPEN SESSION

At 3:27 p.m., the Port Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Brandon moved approval to adjourn closed session and reconvene in open session. Commissioner Katz seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval not to disclose any information discussed in closed session; Commissioner Katz seconded the motion. All of the Commissioners were in favor.

6. ANNOUNCEMENTS: The Port Commission Secretary announced the following:

A. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting:

Please be advised that the ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.

B. Announcement of Time Allotment for Public Comments:

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE

A. Executive Director's Report - Executive Director Monique Moyer reported the following:

- Welcome New Port Commissioner Willie Adams – Willie Adams is the newly appointed Port Commissioner. Commissioner Adams is the secretary/ treasurer of the ILWU. Unfortunately, he had a previous vacation scheduled so he's not able to be here today but he will be joining us going forward. We're very pleased to have him. We will officially welcome him at our next meeting.

- Opening of Mission Rock Resort and Oyster Bar – August 10, 2012 – The grand opening of the Mission Rock Resort and Oyster Bar, formerly known as Kelly's Mission Rock, was held on August 10, 2012. This is a really exciting change for the waterfront, as that restaurant has been closed for quite some time. I can attest that the resort looks absolutely gorgeous from both land and water. It opened to a stunning success this weekend in part probably due to the Giants' home games. It is a full-service restaurant upstairs with a very popular oyster bar. Downstairs is more of a quick-service café. The oyster bar and restaurant will be open nightly. The oyster bar will stay open till 11 p.m. Thursdays through Saturday evenings. The quick-service area opens this coming Monday for breakfast through early dinner, 7 a.m. to 5 p.m. There are 345 seats in the restaurant, 23 of which are at the oyster bar and 110 seats outside. There are two decks for seating outside. The back side of the restaurant is primarily windows looking on the BAE ship repair yard, the Pier 66 area and out into the great vista of the bay. One of my favorite things about the restaurant is it is owned by Peter and Janet Osborne. They are the renowned owners of MoMo's, Pete's Tavern and Pedro's Cantina across from the AT&T ballpark. Pete is a huge Cal Bears fan. He was able scavenge bench seat covers and other items from Memorial Stadium as it was being taken down. As you go by the restaurant, there's some wood siding on the outside. Those are the old seats from the stadium. Some of the bars are actually made out of other seating areas of the stadium. It's quite an interesting place. We look forward to overwhelming success there and welcome them officially to the waterfront because, right now, they're not quite on port property.

- Forest City Opening Reception, "The Pier 70 Community: In its Own Words" exhibition by Wendy MacNaughton – August 15, 2012
  On August 15, 2012, Forest City will be hosting an opening reception of an art exhibition that they have commissioned. It's an exhibition that is designed to visually story tell about Pier 70, the history of Pier 70, the communities, characters and identity of both Pier 70 and Dogpatch. Forest City commissioned Wendy MacNaughton to explore these different areas through photography and different artworks. She is going to be displaying her art from August 15 through September 9, 2012 at the Dogpatch Wineworks. This is a

neat way to kick off a community-discussion process on the project that Forest City is undertaking at Pier 70. Dogpatch Wineworks is at 2455 Third Street in San Francisco.

- America's Cup World Series Events – August 21-26, 2012 – Next week begins the first of the two World Series regattas that are going to be hosted in San Francisco for the America's Cup. We expect to see about 11 vessels racing, two from Oracle Racing, two from Luna Rossa, two from Artemis, one from Ben Ainslie Racing. You may recognize that name. One from the Emirates New Zealand, one from China, one from Korea and one from the Energy Team. The World Series regatta is the first for the America's Cup 2012-13 season. It is going to be happening primarily near the Golden Gate Bridge with the America's Cup Village being hosted at Marina Green. The village will be free to the public in all of the public areas. There will be a lot that is going on there. Amenities will include numerous food and beverage points including the Moet and Chandon Champagne Lounge, the Napa Valley Wine Lounge, a beer garden, big screen TV. There will be opportunities to pretend you are a sailor by participating in a net traverse, which is a trampoline that simulates working on an AC45 catamaran or doing a rope-pull activity that allows you to become a sailor. It's amazing how much upper-body strength it takes to do this. There will also be an America's Cup exhibition hosted by Louis Vuitton as well as an America's Cup Healthy Ocean project hosted in part by the Bay Institute. The official racing will begin Wednesday, August 22, 2012 with the finals on Sunday, August 26, 2012. We hope to see different folks in Marina Green and around the waterfront.

- Demolition & Removal of Pier ½ - September 3, 2012 – The long-awaited demolition and removal of Pier ½ is scheduled to begin September 3, 2012. Pier ½ is located next to the Ferry Building. It has been red tagged for several years and has long been part of the special area plan to be removed and replaced for the downtown ferry terminal project. As part of the BCDC master permit for the America's Cup and the Pier 27 cruise terminal, it calls for the removal of Pier ½ within this current coming year. We were very lucky that it qualified for a Prop K grant from the San Francisco County Transportation Authority. The $1.3 million project is being paid for with grant funds. The new terminal is expected to be built by the Water Emergency Transit Authority's project, which is currently being studied and hopefully will eventually serve commuters from Richmond and Berkeley via the bay. The work will be undertaken on weekdays from 7 a.m. to 3:30 p.m. It will predominantly be undertaken from the waterside. There should be very little impact to the pedestrian walkway or the viewing areas. Although, the motorcycle parking area will need to be closed, the area will be protected on the waterside with a debris boom. There should be no impact to ferries or other vessels that traverse the bay during the project.

- San Francisco Giants will host the semi-final and final of the 2013 World Baseball Classic at AT&T Park – March 2013

The San Francisco Giants will host the semi-final and final of the 2013 World Baseball Classic at AT&T Park in March 2013. That will be a very big kick off to a big year for the Port. The Giants will be hosting this event. Following that, we'll celebrate the Port's 150th anniversary. The Exploratorium will be opening. We'll roll into the America's Cup events, the Bay Bridge will be opening. We'll roll into Fleet Week and on and on. The World Baseball Classic is the premier international baseball tournament. It is sanctioned by the International Baseball Federation. It features the best players in the world competing for the home countries and territories. More than 1.5 million fans from all over the world have attended the tournament events to date. The first was in March 2006 and the second was in 2009. The first was hosted by San Diego's Petco Park in 2006. The second was hosted by Dodgers Stadium in Los Angeles in 2009. Going forward, it is expected to be an event every four years. To date, team Japan is the reigning world Baseball Classic champion, having won both the 2006 and 2009 titles. We're hoping that AT&T Park brings better luck to the U.S. team.

- Cathy Baccari - Earlier last week Cathy Baccari passed away. Cathy is a part of the duo of Alessandro and Catherine Baccari, who have long been members of the San Francisco waterfront. There is a lot of legacy that they have left for us, not the least of which is their strong stewardship on behalf of the Seaman's and Fishermen's Memorial Chapel, but also their huge support of the port having a magnificent fish processing center at Pier 45. Cathy is well loved and respected. She will be missed. I'd love to adjourn today's meeting in her name.

B. Request approval to clarify that the Port Commission policy related to contracting authority delegated to the Executive Director is consistent with Chapter 6, Section 6.60 of the San Francisco Administrative Code with respect to emergency work, including the required approvals to execute emergency contracts. (Resolution No. 12-59)

Elaine Forbes, Deputy Director of Finance and Administration, The purpose of this item and the request to approve the accompanying resolution is to clarify that the Port Commission's policy for contracting authority delegation to the executive director is consistent with Chapter Six of the Administrative Code with respect to emergency work including the required approvals to execute emergency contracts. The Administrative Code Section 6.60 provides for expedited contracting procedures for department heads that are addressing declared emergencies. The section waives the competitive bidding process and also waives other contracting requirements to allow for an immediate response to an emergency. The Administrative Code Section provides that the Board of Supervisors may declare an emergency and direct the department head to perform work in a manner that the board determines is in the best interest of the city. The approvals are as follows: If the estimated cost of the emergency work is less or equal to $250,000, the department head can proceed with the work without any additional approvals. If the cost of the work exceeds $250,000, the department head must first secure written approval from the Mayor or his

designee or the Port Commission President. In all cases, when the cost of the emergency work exceeds $250,000, the department head does need to seek Board of Supervisors approval retroactively. The Port Commission's delegated authority policy, which was established through Resolution number 80-99, the Grant of Operating Authority, doesn't address emergency work at all. This resolution clarify that the executive director may execute contracts for emergency work consistent with the Administrative Code Chapter Six. It would ratify the contract actions taken to date to address the Pier 29 fire. As is our policy, we will report on any delegated authority in our contracting reports, which we will be reporting on a quarterly basis.

ACTION: Commissioner Brandon moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. Resolution No. 12-59 was adopted.

8. CONSENT

A. Request authorization to execute an amendment to the design and engineering services contract with Gerwick/SDE JV for the Pier 43 Bay Trail Link Project increasing the contract by the sum of $46,572 for a total contract amount not to exceed $900,000. (Resolution No. 12-60)

ACTION: Commissioner Katz moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. Resolution No. 12-60 was adopted.

9. PLANNING & DEVELOPMENT

A. Request authorization to enter into an Exclusive Negotiation Agreement with GSW Arena LLC, for the lease and development of Piers 30-32 bounded by the Embarcadero roadway and San Francisco Bay, and the sale or lease and development of SWL 330 bounded by the Embarcadero roadway, Beale and Bryant Streets (Resolution No. 12-61)

Byron Rhett, Planning and Development Director and representing the core team of port staff under Monique Moyer's direction, Brad Benson and Trisha Prashad, and also representing the Office of Economic and Workforce Development under the direction of Jennifer Matz - We are looking for authorization to be able to partner with the Warriors on this particular project and they're operating through the entity of GSW Arena LLC. They are being represented today by Jesse Blout, a principal of Strada Investment Group. We are asking for authorization to enter into exclusive negotiations with GSW Arena LLC for the purpose of developing Piers 30-32 and Seawall Lot 330. In particular, GSW Arena LLC would be taking on the development of a multipurpose facility that would be the home of the Warriors. Their home games would be played there but also conventions and other activities as well as recreation and other water-oriented facilities that would be developed as well.

The exclusive negotiating agreement would be for a two-year period, which would take up to June 2014 and would have the possibility of a one-year extension. The slide you're seeing relates to the project milestones. It focuses on the major milestones and the high-level milestones of term sheet, environmental impact, report certification and the approval of the LDDA.

There are a number of key tasks that will need to be accomplished during this period such as fiscal feasibility, which will kick off the environmental impact report process. The term sheet will begin the negotiations of transaction documents. In this two-year period, there will be a lot of work that will need to be accomplished, due diligence on the part of the developer that will feed into the negotiations and agreements and the eventual approval or consideration by the Port Commission of the lease disposition development agreement and the lease. There is a number of other related work to be done such as the economic impact report, multi-modal transportation study and good neighbor policies.

This project will have major economic impact on San Francisco and the region. One of the first things that will need to be done is to study that and provide that information to the Port Commission as tools to use in making its decisions regarding this project.

To make a project like this successful, one of the things that's going to be most important is that we address the transportation impacts and the transportation concerns for this area. That process will start with the multi-modal transportation study that will lead to a successful transportation plan that will address the concerns of the community and others about how this project would ultimately fit into the neighbor. We believe we'll be building on the success of the Giants' ballpark and the kinds of transportation planning that they have done to manage moving around the area.

Good Neighbor Policy - We believe that this development will have many positive benefits for this neighborhood, for the city and the region. We also acknowledge that there are going to be impacts to the neighborhood as part of this project. Building on the work that the Giants did, we believe that we will develop policies that will address these kinds of impacts and minimize them for the community as this project moves forward.

As it relates to the ENA financial terms, they mainly focus in two areas: fees that are traditionally charged by the port for negotiations as well as cost recovery that is customary in projects like these. We are charging $25,000 per quarter, or $100,00 a year or $200,000 for the two-year negotiating period. For the first year, the developer will be paying those fees up to $100,000 but for the second year, those fees will be deferred until the entitlement process is completed.

This is a very aggressive schedule but we are very optimistic that we can rise to this challenge. We're encouraged by the process we went through with the America's Cup to be able to complete it on time and be done before the expiration of the exclusive negotiating period. Nevertheless, there is an

extension potential built into this exclusive negotiating agreement. There's a $25,000 charge for that one-year extension.

Cost Recovery - there is an approximately $1.7 million cap for cost recovery. These costs are related primarily to the city's cost, both staff and third-party consultant costs and they're divided in the two years.

The ENA is not an approval of the project. It starts the process. We'll be working closely with the Port Commission, with the community and with various stakeholders. There will be a significant outreach program that Trisha will speak more about on the next item. The actual approvals will not come until the Environmental Impact Report (EIR) has been completed and certified and we come back to the Port Commission for its consideration of the lease disposition and development agreement as well as the lease.

Assuming you approve that, that lease would then go to the Board of Supervisors. We believe that there will be a robust outreach program that will give both the Commission and community members many opportunities to participate in this process and shape this project as well as the participation that is customarily part of the Environmental Impact Report process.

We're requesting Port Commission's authorization to enter into an exclusive negotiating agreement with GSW Arena LLC for the purpose of developing both Piers 30-32 and Seawall Lot 330 for a multipurpose development that would include a home for the Golden State Warriors convention facilities and other activities.

Dennis MacKenzie, Round the Diamond - I've provided you with a proposal for the lawyers to include a career pathway academy classroom inside this arena. I'm asking that the Port, Mayor Edwin Lee, the Board of Supervisors, the Chamber of Commerce, private-sector individuals and leaders support this proposal to include a classroom that could be open year around and provide our kids with tremendous incentives for their high school and college careers. For the benefit of the public, my proposal is on my web site, Roundthediamond.com. I wholeheartedly support this arena.

ACTION: Commissioner Brandon moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. Resolution No. 12-61 was adopted.

B. Request approval to establish a Citizen's Advisory Committee for the proposed project on Piers 30-32 and SWL 330 and authorize the Executive Director to appoint members to the Citizen's Advisory Committee, including a Chairperson. (Resolution No. 12-62)

Brad Benson, special projects manager, representing the same team that Byron enumerated. Trisha Prashad, special projects analyst, will be working with the OEWD team, Ken Rich, Tamsen Drew and Gloria Chan on community outreach

program and, specifically, will be staffing the proposed CAC, should the Commission approve the formation of that advisory committee.

Trisha Prashad, special projects analyst - As Brad mentioned, this item is to request Commission's approval to establish a citizens advisory committee for the proposed project on Piers 30-32 and Seawall Lot 330. On July 31, 2012 the Board of Supervisors adopted a resolution urging the Port Commission to form a citizen's advisory committee. Supervisor Kim carried that resolution and is particularly interested to see that we do a thorough job obtaining feedback from the local community.

This item today requests that the Port Commission form a CAC with up to 16 members and up to eight alternates. Establishing a forum for community input is exactly what is envisioned in Chapter 5 of the Waterfront Land Use Plan, which discussed implementation of the waterfront plan and envisions that projects of this scope and importance will go through a CAC process to make sure that we're getting robust feedback from the community as we develop projects of this type and that there's a good community consensus before staff comes back to the Port Commission to seek its approval on a project. We've always found that projects improve as a result of this process.

Commissioner Woo Ho – You mentioned 16 members but the slide says 15.

Trisha Prashad - I apologize, Commissioner, but it should be 16 members.

Commissioner Woo Ho - So 16 is the operative word.

Trisha Prashad – Yes it is. It was Supervisor Kim's vision in her board resolution that we, at the staff level, agree that there needs to be a balance on the advisory committee such that approximately half of the members should be residents or small business owners in the surrounding neighborhoods and that the balance of the committee members would have specific expertise in transportation or housing or other areas that are going to be beneficial to the project and that there be alternates to back up each segment of the CAC. The CAC is going to meet four times between now and the end of October to go over very specific topics starting with an introductory meeting on August 23, 2012 to be held at the Port' bayside conference rooms at 5:30 p.m.

The resolution would also delegate to the Port Executive Director the power to appoint the CAC. The CAC will continue to meet throughout the project up until the Board of Supervisors adopts a lease or authorizes the Port Commission to enter into a lease.

The CAC's proposed mission statement is as follows: The Piers 30-32 CAC will provide city staff and Port Commissioners with questions and community concerns regarding the proposed project and will evaluate and comment on the city's plans and policies related to the project. The CAC will assist in publicizing

the project and solicit public comment from neighbors, community groups and organizations.

Commissioner Woo Ho - One of the things that I would like to add whether it's in the mission statement or to the resolution that you adopt a written charter for the CAC that it not only goes to publicizing the projects, elicit public comments from neighborhoods, community groups and organizations but also provides some options and solutions to the issues that are raised through the CAC so that this also becomes a problem-solving vehicle for us as well as a vehicle for airing issues and concerns from the community.

Trisha Prashad – Absolutely, we can add that language right away.

Doreen Woo Ho - I would like to add that into the resolution.

Commissioner Katz - Do you want to just move an amendment, and we can adopt it as amended?

Commissioner Woo Ho - Counsel, is that what you would advise?

Eileen Malley – That language can be added in the last resolved clause of the resolution... The Port Commission urges the CAC to: (1) meet initially on August 23, 2012; (2) review the project generally once per month, (3) develop criteria for attendance and other bylaws to encourage regular participation by CAC members and, (4) adopt a written charter that includes a process for proposing CAC solutions.

Commissioner Katz - One of the great things about San Francisco is the incredible talent we have across the city. The CAC is an opportunity for us to rely on the expertise and the input and the old adage about making sausage. We often end up with good projects as a result of all the incredible input from the public. We are appreciative in advance of those that are willing to give of their time and their service to the CAC.

Commissioner Brandon - This is such an exciting project, and it is on the fast track. I look forward to the concerns and solutions that come out of the CAC.

Commissioner Woo Ho - My colleagues have said everything. I echo that as well. Thank you.

ACTION: Commissioner Brandon moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. Resolution No. 12-62 was adopted.

C. Informational presentation regarding potential license agreement for PG&E Proposed ZA-1 Embarcadero-Potrero 230kV Transmission Project at Pier 28 ½ submerged Bay lands and portions of the shoreline at the foot of 23rd Street.

Brad Benson, special projects manager - I'm representing port staff Byron Rhett and the executive director, Monique Moyer. Port staff was approached within the last few weeks by representatives of Pacific Gas and Electric (PG&E) regarding a reliability project to serve the downtown area of San Francisco. The downtown area, as you may recall, suffered some blackouts in 1998. Businesses went without power for a fairly extended period of time. It caused the city to look at reliability issues for power serving downtown and the broader city. San Francisco is on a peninsula. It's unusual in that respect. It's hard to maintain a transmission grid that is on a peninsula. PG&E has, since that time, implemented some reliability projects, 115 kV line that ended at the Hunter's Point substation and has continued to work with its regulators, among them the California Public Utilities Commission and the California Independent System Operator to propose and develop options that would further enhance reliability in the city.

PG&E's proposal is to connect a 230 kV line from the Embarcadero substation in downtown to the Potrero substation. The idea behind the project is that if there were a major earthquake in the city that disconnected the existing 115 kV lines serving the Embarcadero substation, there would be seismically-sound, redundant transmission lines serving downtown so that the lights would not go out. This is a major transmission project. These don't occur that frequently in the city. They're a highly regulated type of project. PG&E has indicated that they are starting the process to formally apply to their regulators to kick off this process and that one of the routes that they are evaluating is along port property.

Robert Donovan, PG&E's senior planner of land and environmental management, will provide a project description overview.

Robert Donovan - As Brad mentioned, we discussed this proposed project with him just recently. It's to serve downtown San Francisco. The map shows the route. There are three alternatives that we're currently proposing. The blue route that goes through the bay is the route that would be on port property. The reason behind the project is that Embarcadero substation is now served by two cables.

This third cable installation would provide a lot more flexibility for city projects in case of outages like earthquakes. The proposed project would start at Potrero substation in the south and then go into the bay, go down about two city blocks and then along 23rd Street into the bay adjacent to where there currently is an electric cable. It's called the TBC submarine cable. We'd go along the bay floor about five to 10 feet below the bay mud. Then, it would pop up back on Spear Street and then over to the Embarcadero substation.

Currently, we're finishing up our studies on it and we're planning to submit something to the CPUC in the coming weeks. We've already met with various city departments and a lot of other stakeholders such as the Fish and Wildlife Service, Fish and Game, BCDC, Regional Water Quality Control Board.

Our next step is to start talking about negotiating a lease agreement with the port and submitting our application to the CPUC. The CPUC ultimately has sole jurisdiction on the routing of this project. They'll look at the economic and engineering feasibility of the different routes. They'll have the ultimate choice but one of them will be the port. They'll be interested in what the lease costs are as well as the terms of the lease.

Brad Benson - As Robert mentioned, the California Public Utilities Commission is the lead agency on the project. Part of what the CPUC does is to conduct an environmental review on the various alternatives to analyze potential environmental impacts of each. As he showed you, two of the routes are upland routes and would involve installing a transmission line under city streets. There would be quite a bit of construction activity along those routes, probably fewer construction impacts associated with submarine alternative.

Robert also mentioned the Trans Bay Cable project. We have done a transmission line along a submerged route. The Port Commission approved a project like that in 2007 that the Board of Supervisors later considered. This is just an informational item. If the commission later directs port staff, we would enter into negotiations with PG&E over potential terms of a license agreement and then participate in the CPUC and other regulatory processes to make sure that the port and the city are well represented.

Commissioner Brandon - When do you plan on coming back to the commission?

Brad Benson - That might be driven by the CPUC application process. If PG&E submits an application contemplating this project, we will seek Commission's authorization to enter into term-sheet negotiations and companion cost-reimbursement agreement to cover the city costs associated with the negotiating agreement as early as September.

Commissioner Brandon - Does PG&E have a preferred alternative?

Robert Donovan – Right now, the submerged lands looks like the preferred alternative for PG&E. We've done most of the CEQA analysis. It looks like it's going to have the least impacts. Seismically, it seems like a really good route as well so that's looking to be the preferred route.

Commissioner Doreen Woo Ho - We discussed this in closed session. We understand the project. Overall, the commission is supportive of continuing this direction for you to seek your application. If it turns out that you come back to us, we're open to discussing this further with you.

D. Informational update on status of Port infrastructure work, tenant relocation and other Port obligations under the Lease Disposition Agreement in preparation for the 34th America's Cup Events in 2012 and 2013.

Daley Dunham, special projects group - I'm presenting on behalf of a number of my colleagues who are here across port divisions who contributed to the staff report. The first and most substantial milestone that we met in the last weeks was the completion of phase one, which is the 2012 America's Cup events for Pier 30-32. That work was completed on August 1, 2012. The America's Cup race management mobilized thereafter. In the last week, the teams have all shown up. They are completing their base setup and assembling their AC45s.

As Director Moyer mentioned, there are going to be 11 of them. It should make for very exciting fleet racing. The Pier 36 removal is also officially complete. With regards to the America's Cup events, there is some small detailed work that remains to be finished but that is all within the footprint of the Pier and does not affect the racing at all.

Construction on the Brannan Street Wharf has commenced. Over 50 piles have been driven at this point. The project is on time and on budget.

The lease disposition agreement is almost done. All parties have expressed in very strenuous terms that they want to have this done by 5:00 p.m. today. With any luck, this slide will be out of date by the end of this commission hearing. Tenant repairs have proceeded nicely. The office space at Pier 23 has been completed such that the America's Cup, in conjunction with various elements of the city, has opened up the one-stop shop.

This is a new development and was not included in the second update for the America's Cup. Staffing that office will be 311, the Chamber of Commerce with their AC connect, SF Travel, the Port and OEWD. It's designed to be a central point of information distribution both for the public and for the teams who are coming here to race.

While traffic so far has started off light, it is steadily growing. There is meaningful work being done there. Right before this hearing, I met with team Luna Rossa to work out their visa issues. As was reported in the executive director's report, we were lucky to get an award of $1.3 million for Prop K funds for removal of Pier ½. That work is scheduled for September, shortly delayed because of the presence of baby seagulls and giving them enough time to get out of the way.
Another change to this third update that was not mentioned in the second is the BCDC requirement that we add parklets before the 2013 events. Parklets are miniature parks. They will be 20 to 30 feet deep, 60 to 80 feet wide and will provide seating space and perhaps restrooms and trash and recycling facilities so that users of the Embarcadero will have a place to stop and rest and take in views of the waterfront. The Pier 27 cruise terminal continues to be on time and on budget.

Commissioner Brandon - It's wonderful to see things going so smoothly. Staff is doing a great job. Thank you, Monique and everyone, because this time last year we didn't know if we could do this. This is wonderful.

Daley Dunham - I'll take a self-indulgent moment and welcome Commissioner Adams in absentia.

Commissioner Katz - It was exciting driving past Pier 30-32 today and seeing all the activity out there.

Commissioner Brandon - What is happening on Piers 30-32? I thought the teams were going in the marina.

Daley Dunham - The focus of the racing is moved down to Marina Green based largely on the experience that they had in Newport. The team bases which are the workshops for each individual team and where they're assembling the AC45s themselves remain at Pier 30-32.

Commissioner Woo Ho - That was all together in Newport. I guess there's a little bit of split.

Monique Moyer - During the race days next week, the vessels will be berthed off of Marina Green and available for public viewing but before and after, they'll be at Piers 30-32 and will be open to the public at certain hours.

Daley Dunham - The International Media Center, which was originally going to be at Pier 23, are going to be relocated down to Marina Green so that they keep as much of it together in one location.

Commissioner Woo Ho - That makes sense. We saw that media center. It's very impressive when we saw that setup in Newport. It's good that you gave us this update, given that we are going to see the World Series racing here in another week or so. It's exciting to know that we're starting off in terms of the preparations for the final 2013, that we're on time and on budget. I hope that the public appreciates what we can see in the next two weeks. There's some momentum building, which is very exciting. I want to compliment port staff for getting us to this juncture. It hasn't been easy.

Daley Dunham - I look forward to next time around, changing the format a little bit, maybe providing something of an after-action report on how well things went.

Commissioner Woo Ho - We'll have a chance to see how some of the issues that we can contemplate that can come up again in Fleet Week as well as next year with regard to the flow of traffic and people, etc. It will be a great learning experience for us to know what to anticipate going forward.

Commissioner Katz – I would like to take this opportunity to reiterate what will be coming next week to urge people to get out and see what's going to be happening on the bay.

10. MARITIME

A. Informational presentation regarding the new structure for South Beach Harbor Berthing Rates and Parking Management.

Peter Dailey, Deputy Director of Maritime - This item is about South Beach Harbor and some issues but I wanted to stretch the borders of this item to state it had something to do with sailing. I received news from Jim Maloney, our marketing manager, that the Artemis team is bringing a ship into Pier 80. The M/V HR Maria is coming in from Europe, delivering their 72-foot catamaran on Monday, August 17, 2012 at Pier 80. It's the second ship that we've had with gear from America's Cup. It's great to see economic development coming off of the races.

This is the second informational item about the transfer of South Beach Harbor from the Redevelopment Agency to the Port of San Francisco. As you know, the Redevelopment Agency went away on July 1, 2012. The Port took over responsibility of the 700-slip harbor, Pier 40, Carmen's Restaurant, the ILWU Local 34 building, the Harbor Services building, the Yacht Club, various parking facilities, parks, Delancey Street and Steamboat Apartments. This transfer took place with unprecedented speed and, quite frankly, was an unexpected development.

We thought we had to put on the America's Cup, build a new cruise terminal and run the port's operations. Now, we're happily taking over the harbor. Merging the operations, the accounting, IS, maintenance, personnel have been a daunting task quite frankly. We've had some hiccups but we truly believe that the port will be a strong manager of the facility and that, with our resources and our maritime focus, will, in the long run, result in a better harbor.

We have fundamental challenges to solve. We are truly excited about the opportunity to keep South Beach Harbor and to maintain it as one of the best, if not the best harbors in Northern California. That was the good news.

The tough news is we have some real financial challenges ahead of us. When we got the transfer and we're still learning day to day, we've had more conversations with Cal Boating and various people in the last few weeks than we'd ever had. The reality is, when looking at the operational books of the marina going forward, that the fiscal year 2012-13 budget, without any increases in revenues or further reductions in expenses, the harbor can expect an approximate deficit of about $800,000 in this coming year. I say further reductions. It must be understood that we have, unfortunately, reduced the staff at the harbor. They are one FTE short of where they were prior to the takeover. In addition to the operating deficit, there was a BCDC permit dating back to 1984 that mandates $10 million in today's dollars of improvements to the south apron of Pier 40 for public access, installation of a walkway on the breakwater and some public restrooms at Pier 40 by December 2017.

This money is not budgeted at this point. In addition, there is capital improvement funding that needs to take place. The harbor is about 25 years old.

It's in good shape. It has about a 50-year lifespan, meaning the next 25 years there will be increased long-term capital needs that need to be financed and improved upon from revenues at the harbor.

At the last meeting, Commissioners asked port staff, in light of this light-speed transition, to engage with the South Beach Harbor community to discuss a number of issues regarding budgeting, possible rate increases, parking issues and capital planning.

We've had a series of meetings with newly formed Advocates for South Beach Harbor. We've met with representatives of South Beach Yacht Club, Bay Area Disabled Sailors Group, a number of individual voters and stakeholders. We are planning more meetings going forward. We are going to plan another town hall meeting that will be advertised in the next newsletter that will go out on August 20, 2012 according to Jim Walters.

Over these last couple months, we've explored various options for balancing this financial problem. As you recall, port staff hired a company to do a survey to look at different rates. There were a lot of questions regarding the methodology, regarding that study. There was an overall concern that the Port does not screw up the harbor as it is a beautiful place and it's been well run and to make sure that it's maintained and continue to be operated in a professional manner. We're hoping to come back to the Port Commission in September with some concrete suggestions for your consideration regarding these fundamental issues.

Regarding the financial issues, it's important for everybody to realize the challenges. The construction of the harbor was built through a $24 million in revenue bonds and an $8 million State of California Department of Boating Waterways loan. There's approximately $13 million left on the balance remaining on the loan and the bond. In accordance with the bond indenture, the port has set up South Beach Harbor finances as a separate fund to maintain the bond covenant requiring that the debt service pledge is limited to South Beach Harbor revenues.

In looking at the Cal Boating loan, Section 5.c, the Small Craft Harbor Construction Loan and Operation Contract, dated 1983, states that the redevelopment agency(or now the Port as the successor agency) shall review berthing charges of public and privately owned boating facilities in the general area of the harbor serving the same boating public and shall set rates at levels sufficient to produce gross income after payment of operating expenses and payments on the bonds or other indebtedness.

In the financial analysis section of the loan, page 13, Ability of Users to Pay, it states that the city will ensure that charges remain competitive with fees charged at other marinas sharing the same market area. Hence, the berthing rate is within the ability and willingness of the potential users to pay.

Separate from the Cal Boating loan are the bonds, originally $24 million worth of bonds. The bond agreement with the lenders mandates that redevelopment agency (now, the port, the successor agency) shall, while these bonds remain outstanding, collect fees in connection with the harbor so as to yield annual net revenues equal to at least 1.3 times the aggregate amount of debt services on all outstanding bonds falling due in that year. Failure to do so could result in a technical default of the bonds.

These are big, serious challenges. Currently, with an $800,000 deficit, our financial staff is working hard to analyze this data that we've received in the last couple months to look at where we are and what our challenges are. We were alarmed with the operating deficit. We're alarmed about the bond ratios and the obligations to pay back the Cal Boating loan. We're alarmed about the BCDC obligation of $10 million in 2017.

What do we do now? We've cut expenses fairly significantly. We've looked at the revenue side of the equation. Nobody likes to get their rent raised. We hired a company to do a survey of rates, a professional surveyor certified in California, Mr. David Tattersall. Unfortunately, he's not here today due to jury duty but we had set up a meeting with Mr. Tattersall and representatives of the Advocates of South Beach Harbor to review and ask questions regarding the rate survey's methodology.

At our last informational presentation, the assignment for staff was to research and verify slip rental rates, market trends and facilities and competitive bay area marinas with analysis of the rates and estimate of the range of market rental rates for the subject marina slips.

The conclusion of the survey agreed with what the redevelopment agency stated in 2010 i.e. that rates were clearly below market. Further, the analysis stated that the harbor's rates call for sizable increases and reflect on how much below market the current rates are. However, such sizable increases will likely have to be phased in over time.

We've talked about a number of different proposals trying to be clever and creative in coming up with a painless way to increase revenue. We've looked at various options regarding a two-tiered pricing system for residents versus non-residents. We have concerns about that legality with the State Lands Commission. We've looked at different rate scenarios.

After mulling it over and looking at it carefully, the San Francisco Marina where the America's Cup is going to be held this coming weekend, their new harbor, which will be finished in November, offers an option for the port to look at in terms of rates. The marina is a publicly owned and managed facility operated by Park and Rec, 670 slips. It has a west and an east marina. It's the only other publicly-managed pleasure-craft marina in San Francisco. The other marina in San Francisco managed by the city is at Treasure Island that was privatized by the city. Almar is the current operator. We have not gone down that road.

The San Francisco Marina, while not exactly the same as South Beach, offers many amenities that are very similar in terms of location and quality of services. There are other marinas in the bay that are more expensive than San Francisco Marina or South Beach so Sausalito and others have greater amenities.

We understand the difficulty of absorbing a significant rate increase right away. That's why we are proposing a three-year phased approach with equal increases until rate parities reach with San Francisco Marina.

There was one mistake in the staff report and the commission secretary provided the Commission a copy of the amended rate sheet, which is page on 4 of the report. The Port's website has been updated with the new data as well. The San Francisco Marina rates are going through a refurbishment. Those rates have been approved by Park and Rec Commission and approved by the Board of Supervisors.

Our recommendation, and we'll continue to discuss it with the stakeholders, would be to have an increase on January 1, 2013 followed by another one on January 1, 2014 and the last one in 2015. The harbor is fully leased. There's a substantial waiting list going forward, about 1,500 boats. Currently, there's a one-time waiting list fee of $80. We think the fee should be $75 per year if you want to stay on the list. Electrical usage is a tricky one. Unlike most marinas in San Francisco, South Beach Marina does not have individual meters for each slip.

San Francisco Marina will have individual meters so you pay for what you use. Unfortunately, the electrical cost for the slips is about $150,000 a year. We're willing to listen to more creative minds but we are proposing to spread the surcharge by the size of the vessel to the boat users at the harbor. It's about 54 cents per linear foot per month. We recommend prioritizing installation of meters into the harbor in the next fiscal year, at which time the rates would be reduced by 54 cents per month to offset the electrical charges.

Parking - To the boat owners' and to the slip holders' credit, that marina was there before the ballpark was even thought of. Parking in South Beach community is different now than it was in 1986 and 1987. It's highly stressed by the proximity to downtown, the ballpark and the South Beach community. The boaters during ballgames or special events or on big weekends find no or limited parking availability to get to their boats. It's a matter of the loaves and the fishes. There are 700 slips, 1,400 parking passes currently given out as a part of their rates. There are 205 parking spots. It's a matter of supply and demand. There have been, as people can attest, abuses of the parking lot related to special events or commuter parking. I've received a number of emails from boaters complaining that they can't go down to their boats. The parking lot is filled with people attending either the Giants game or some special event.

Currently, at the harbor, each slip holder gets two free parking passes. Quite frankly, we don't think that's sustainable with nearly 700 berths, 1,400 parking passes plus partners and guests. It's pretty much a free for all down there. Going forward, by limiting each slip to have one parking pass and the ability to buy a second at $600 per year will give it more value to the parking passes and, hopefully, be a first step towards managing the parking operations.

Port staff proposes that the Pier 40 lot be metered, and priced at street meter rates, with the exception of handicapped spaces and a new, five-space loading zone to allow slipholders to unload provisions and gear. The lot will be monitored by Department of Parking and Traffic staff.

We've done a lot of work. We have a lot more work to do. We know it's a difficult item. I hate to be the one to suggest to people that their rates are going up. We continue to work with them going forward. We've had relationships with the stakeholders. We're going to have another public meeting in a couple weeks. Our mind is open; we are looking for creativity. We've looked at a lot of different areas.

Commissioner Woo Ho - I would like to echo what Peter has said that we do understand that this is a difficult issue for the existing stakeholders but that's why we have an informational session today to hear your comments and that we will go back out to you to have more discussions in a town hall session and hope that you can respect that change is difficult. Change probably does have to happen. We're trying to figure out how to manage the change best for everybody involved.

Ken Geiser - I am a tenant at South Beach and a recent member of the Advocates for South Beach Harbor. I'm on a fixed income. My expenses are growing faster than I can keep up with. I understand you've got the same problem with the finances although on a much bigger scale. It needs to be solved but the solution seems a little severe. A forty-three percent increase is a lot. The parking situation is equally severe. As a sailor, sailboats require a number of people to safely move them around. Bringing everybody in one car is an impractical kind of thing. Solving the problem by squeezing everybody out so they have no way to get to the parking lot or get access by charging an extra $600 for that also seems excessive. I consider even two as burdensome sometimes when you have guests that come along. We're in the middle of the hub of the bay. People come from all directions to try and socialize together. Carpooling is extremely difficult. With regards to the electricity, there has to be a better solution than charging by the foot. There has to be a better way to pull that one off or to not charge at all until you get the meters in. There are a lot of boats in that harbor that don't use any electricity and some that use quite a bit but to charge by the foot, there's no relationship between electrical usage and the length of the slip or the boat. I understand there are a lot of historical reasons of how we've come to this point. The people that are berthing the boats at South Beach Harbor probably have less to do with the problems that exist here than anybody that's in it. We seem to be the ones that are being asked to

bear the brunt of the solution to the problem. I'd like to stress that there's been what I consider a pretty feeble effort to inform those of us who are in there. I'm a recent member because I haven't known about this. I'm down here all the time. I would like to see a lot more time for us to be able to address this thing and let everybody know. We have 700 members. I doubt that 200 are aware that this is even going on in South Beach. So the bottom line for me is to ask for a little bit more time.

Jess Ramos - I am a long-time San Franciscan who happens to be a partner in a boat berthed at South Beach Harbor. The rates for berths that you are now considering will make South Beach Harbor one of the most expensive marinas, probably the most expensive municipal marina in the San Francisco Bay Area. I understand that you're also considering charging berth holders extra if they wish to park their cars at South Beach Harbor and when they visit the marina. Whatever your reasons may be for such sharp and drastic increase in fees, especially on the owners of the smaller boats in the marina, the result will be to force many middle-income San Franciscan boaters to either sell their boats or try to find a berth somewhere in the East Bay or down the peninsula. The Rincon Point South Beach redevelopment area including the South Beach Harbor part of it converted a once blighted area into a very desirable place to live and work. The small boat harbor from the beginning was intended to be a community facility for the use of the city's residents. The city's redevelopment effort in the area has been a tremendous success. The waiting list to get a berth at South Beach Harbor and the dramatic fee hike that you're considering now is evidence of that success. Unfortunately for middle class San Franciscans with a boat at South Beach Harbor, the higher fees may compel many of them to leave the marina they built. This is not right. Another example of what I consider unfair to San Franciscans is the practice of first come, first serve for obtaining a berth at South Beach Harbor. A San Francisco resident may have to wait years for a berth in the city's municipal marina until those ahead of him on the waiting list who just may happen to live in Reno or Atherton are accommodated. I understand that only about 30 percent of berth holders are San Francisco residents. I think that's unfair. The concerns I've described above should be addressed. I have some suggestions for addressing them that I hope you will consider. Please consider implementing something like a two-tier fee structure at South Beach Harbor. San Franciscans in South Beach Harbor should not be penalized for the city's success in turning around the Rincon Point South Beach area. We've been a part of the city's effort to create South Beach Harbor and the area surrounding it for many years. San Francisco residents should not be charged any greater amount than is being charged at other municipal marinas in the Bay Area. Giving preferential rates to residents is not uncommon in San Francisco. Residents with proof of residence pay less at golf courses. Residents visiting the city botanical gardens do not pay while non-residents do. Please consider granting San Francisco residents some advantage over non-residents in obtaining a berth at South Beach Harbor. As it now stands, especially if the higher fees go into effect, South Beach Harbor could soon be filled with anybody but San Franciscans.

Mike Parodi - I was born and raised in San Francisco so I have quite a bit of history here. I'm not rich. There's an impression that anybody who has a boat has a lot of money. I have very little money or enough money to get by in San Francisco because the prices in San Francisco have astronomically increased. I'm middle class, a carpenter. I was not able to afford a boat until I was in my 50s because I had to get my daughter through college. I'm a property owner. My taxes paid to develop the area now that is going to raise my rent. I feel that I'm not being considered part of the solution. I feel I'm being forced out of an area that I've lived in all my life, and it's not fair. I have a boat next to me that has a coral reef underneath it. The boat has never left the dock. The guy who has his boat there only has it there to go to the ballpark or to have parking. He's not a boater. He's subhuman as far as I'm concerned because he's using that and disallowing a lot of people that are on the waiting list, especially residents of San Francisco, to get their boat there. I also believe that there should be a two-tier rating system for residents that have actually paid for the bonds that have developed that area, and there isn't. Residents should be given a priority, especially senior citizens. I'm retired now. I'm on a fixed income. I can't afford to pay the increases that these people are suggesting. I think something else should be established to justify our being here and paying our taxes. I hope that you bring some of what I've said into thought because we won't go away.

Bruce Blackie – I am a slip holder at South Beach and also a member of the Yacht Club. I don't know who was responsible for turning around Pier 29 after the fire, but it's amazing. Somebody needs to be commended for that to get the insurance paid, reconstruction going. We all appreciate it. I would back up the previous comments because there is some real hardship for some of the people there. There are boats growing beards that really aren't sailing or motoring. There needs to be a tighter rein on that. Ten dollars per crew member per visit is pretty severe because these are sailboats, very few of them can be sailed alone. The parking pass system that's working now seems to me to be very satisfactory. The one car permit per berth would be better than one car permit per owner because some boats have more than one owner. There needs to be a differentiation there. Changing the parking at Pier 40 seems like fixing something that ain't broken. If there's something wrong there, I don't know what it is. We use it for overflow. It seems to work fine just the way it is. The idea of using the gate only to control parking -- there seems to be an art in the Bay Area called pigtailing. If you're going to use gate only, there are people who know how to use that and get in very quickly with a car in front of them. Cars need to have passes posted on them. The much talked about and much delayed Embarcadero line, you have all these properties along the Embarcadero under your authority. We need one street car line, one bus line to serve the whole waterfront and for the America's Cup as well. I ask Muni people. It's always going to be done in two years. If you have any clout, please use it. On the electricity, we get lots of sun there. Solar is something we ought to be looking at.

Robert Wertz - I'm one of two retired guys who can afford a boat by sharing costs and keeping the boat in good shape by doing our own maintenance. We seldom use the boat at the same time and therefore require two parking permits

for one space. I'm not here to talk about marina parking lot that the port seems to feel is a windfall inheritance from their dead uncle, the Redevelopment Agency. Our boat is 33 years old. You couldn't buy a decent used car with what we could get for it. Yet, we keep it in good sailing condition and sail it three times a month every month of the year. Since the harbor last increased rents, my retirement income has gone up less than 4 percent. Sailing is our recreation. We don't golf, play tennis, go fly casting, bowling or engage in any other recreational activities that the city regularly subsidizes to enhance the quality of life for our residents and visitors. As an example, a round of golf at Harding Park would cost a non-resident $170. I could play the same round of golf, although it would be quite a disaster, for $61. Municipal government has assumed the obligation to citizens to enhance the quality of life and regularly accomplishes this by providing access to recreational opportunities. Unlike most of the Port Authority properties, harbor tenants for the most part have boats that are not revenue-generating enterprises. Some tenants may engage in commercial activities. Perhaps, they should pay rent at a rate that is commercially appropriate. Besides the harbor slip tenants, who benefits from South Beach Harbor and the adjacent property maintained by the port staff? Everyone who lives in San Francisco and visits. The harbor enhances the view from any point where it can be seen. Folks both young and old who bike, walk, jog, stroll the promenade enjoy the benefits. Parents and grandparents who bring their children along the waterfront are fascinated by the activity of boats coming and going. Our citizens and visitors that stop at a bench and read, eat lunch or just enjoy watching the marina activity, our neighbors who walk their pets or fish off the pier. Marina tenants are far from the sole beneficiaries of this port asset. This is a quality of life issue that responsible municipal government must finance from a wider variety of sources including the general fund. Marina tenants can't be asked to shoulder all of the costs for an obligation of responsible city government. Commissioners, challenge the port staff to establish a creative revenue development strategy to address the shortfall, one that recognizes the Port Authority's contribution to the quality of life for all marina-area beneficiaries and our city.

Paul Oliva - As the commodore, the CEO of South Beach Yacht Club, I thank the Port, port staff and you all for taking on the challenge and opportunity of managing South Beach Harbor. As you've heard, it's something that's very important for many residents of San Francisco and folks outside of San Francisco who have it as their single most important, if not their only principal recreational opportunity. In many ways, this represents the best and highest use of our waterfront. Thank you for helping to make that happen and continue on into the future. South Beach Yacht Club plays a key role in accessibility and affordability for accessing the waterfront. A key effort in our conversation with various stakeholders and with port staff is the value the club brings. We generate about $100,000 of revenue directly to what will now be the Port of San Francisco and the city in terms of taxes and rental fees that we pay. Our facilities and water support make it possible for the Bay Area Association of Disabled Sailors to have a place to meet and get out on the water as well as to run race events and other programs. Our youth sailing, our racing programs and other

things get hundreds of people on the water every month. It's a way to enjoy and access the water. We provide direct support to the harbor by providing free Wi-Fi to the harbor community, which is a significant expense and effort for us but is the right thing to do. You've already heard much testimony, and you'll continue to hear more testimony on the affordability item. There are a couple of principles that we'd like to recommend to you all. One is in cost parity with the San Francisco Marina, that you take a look at having a fully-loaded cost. If there are going to be extra fees on energy consumption and on parking that should be factored into the fully-loaded cost versus San Francisco Marina since there are some freebies that San Francisco Marina berth holders get. Second, we understand the possessory interest fees that we pay on our slips were intended to go towards debt repayment and they have not been. In terms of access and usability of the harbor, it's very important particularly for the members of the club and for the folks who are program participants through racing programs, youth sailing and disable sailing, to address the needs of parking for that broader stakeholder group as well as the volunteers and the people who make those programs run. There are some solutions that we will be exploring such as event-specific parking so that you can cluster that pier. The plan for Pier 40 hasn't been put together but that's one way to do it. I commend Jim Walter and Peter Dailey and the rest of the port staff and harbor staff for their help.

John DiCastro - I'm a slip holder at South Beach and one of the early members of Advocates for South Beach Harbor. Just doing my precinct walking, which I've done for years around the city, I walked my slips, F dock and G dock, which are kind of the somewhat Dogpatch of South Beach. We're the older boats. I've got a 43-year-old, pretty boat. Our little Cal 30 is a nice little boat but it's worth $7,000 to $8,000. I talked to over 25 people on those two docks. Almost every one of them had never heard of what's going on here. The outreach has been nonexistent. Putting it in a bill insert is not a good way to reach us when we're paying bills electronically in most cases. I'm in partnership with a boat. I never see the bill. I just automatically pay my share of the boat every other month for the slip rent. I never saw the bill. If I wouldn't have been involved in the Yacht Club, I wouldn't have probably heard about this for months. The outreach is a major problem. One meeting is not going to solve the problem. September 25th is not a realistic date. It's going to have to go on for a couple more months to get everybody agreeing to what's going on here because you have three sets of stakeholders. You've got the commercial tenants, the slip holders and the Yacht Club folks. All of them have a little different take on what they need. If you don't work on the three-legged stool, you're going to have a problem because it's going to collapse. It's going to end up in the Board of Supervisor's and the Mayor's lap when it goes uptown. It would be helpful if we could work it out ourselves down. Maybe the port could bring a facilitator to help us understand better how to work together. The other thing that's kind of a concern is the fact that the advocates, based on what I've heard -- I'm not a member of the board of the advocates -- has made a number of requests to port staff to mail out a letter introducing the advocates to the tenants, not in the bill but a separate mailing. That has been delayed because they have to talk to the city attorney. I encourage you to encourage the staff to let the advocates send out their own

letter. If the port has to control the mailing list, great but figure out a way to do it. There's a lack of specifics in the proposals I've seen so far on the debt as to when the debt is paid off, what's going to happen. I don't expect to get a decrease but I would expect to see some commitments as to what kind of capital improvements we're going to see.

John Mastory - First of all, I want to thank Peter Dailey and Jim Walters. They've done a yeoman's job. I'm part of the group that was working with them to find some common ground. What's obvious here at least from me sitting back there and being part of the advocates group and seeing it from the first day to where it is now, is to use a movie phrase, a failure to communicate in the sense that there are new people that come in. They have their preconceptions about what's happening. We're doing ourselves an injustice by not giving this enough time, enough information to get the message out correctly. Rather than drone on about this, what I would suggest is that we work on extending the timeframe so that we can have these meetings that are inclusive of everyone and also, as John DiCastro brought up, have the ability to communicate with all the berth holders, so we don't have this constant wave of misinformation and misconceptions.

Barry Hanson - I am a resident of San Francisco for 40 years or more, owned my home in the city for 39 years. I'm secretary of the tenants group, the Advocates for South Beach Harbor. I'd like to echo John Mastory's comment of thanks for Peter. He's been a great representative for the port and has worked diligently with the tenants. We appreciate it. We don't always agree, but he's been a good man to work with. I want to talk about berthing rates. It seems to me there are two drivers of the berthing rates. One is that we have a deficit. All the berth holders understand that the deficit has to be made up out of revenues and that we are the people who must now shoulder this burden. So we're down for that. The other driver is market value. What is the market value of South Beach Harbor today compared with others in the area? I prepared a financial and break-even analysis for South Beach Harbor. This is a pro forma statement. I believe it's accurate but I'd be happy to sit down with port staff and go over it line by line and see what's what. The main point is, by my calculations, it would take an increase of 17.2 percent to break even, pay the deficit, and eliminate the $810,000 deficit. That does include some additional revenue that Peter has mentioned from wait list revenue and a parking pass charge of $600 for the second parking pass. At the end of it, if we have some additional revenue that we've all talked about in the meetings of Pier 40 lease enhancements, per head charter fees for people that are picking up and dropping off passengers for free at the harbor and electricity revenue, which we've talked about. The port should receive about half a million dollars as soon as they raise prices 17 percent. The debt will be paid off in 2016-17. If we project the 17 percent increase out to that, there will be a cash flow of $1,900,00 per year. That's a lot of dough. I'm a little puzzled as to why we have to raise the rates 35 percent if 17.2 will get it there. The other two documents are current slip rates where South Beach stands today. The third is where it stands if it were raised to equal SF Marina plus 54 cents a foot in comparison with selected classes.

Angelo Riccardi - I've been a slip holder at South Beach for about 20 years. I've watched the community grow. As a member of the advocates, I'd like to propose a couple of thought processes to see what's happening and work out an economical problem. I have economics problems too. I've been unemployed as a systems engineer for about two years. Sailing had been one of the economical ways of enjoying the time off. As I've grown with the harbor, I've watched it go from open slips to being in demand, being a wonderful community, really robust. The benefits to the community should be reviewed in conjunction with the revenues that you're seeking as well as why you're seeking them. What were the costs that were expended? Where did the monies go? Who benefited from those? The community is not just the slip holders. It's also the residents that are there that were not there before that are benefiting. I know those residents are benefiting not just for the people who live in San Francisco but for me, who travel 53 miles from San Jose. I also pay property tax. I'd like to know, does that make me a resident or an owner? I'm neither owner of the property nor a resident of San Francisco. Should I be penalized and pay taxes too? In the community improvement, it should be considered some of the obligation that the community or San Francisco owes back to the Port Authority to help support that area for the parks, for the environment that you can see people enjoying. We've not explored all of the avenues necessary to solve the problem. You've got revenues that are based upon a need to pay back obligations that maybe should be reviewed and maybe renegotiated. This isn't the only place in the world where obligations are reviewed and renegotiated. Some of them have constraints that might be better evaluated. My plea is to take a little bit more time and continue the analysis to look for the best solution for all of the stakeholders. There's a way to work it for everyone's benefit. It's a wonderful opportunity if we all spend our time together to work positively.

Pete Sorenson - I'm a slip holder at South Beach and a recent member of the South Beach Advocacy Group. Up until tonight, I've gotten all of my information about this change through the advocacy group. I appreciate the fact that the port and that group are working very well together. There is not a meeting of the minds at the moment necessarily but the issues, most of them are well understood and a very good dialogue is going on. There are a few issues that I'm concerned about. Once, a large number of slip holders have no idea what this process is or that it's going on. A separate mailing to them would certainly solve that problem. Second, the significant profits that will result after the loan is retired. It would appease a whole lot of harbor tenants to see in writing that those profits will stay in the harbor. Lastly, I am not a resident. However, I pay property tax via the boat and via the mud tax underneath to San Francisco. As a result of the Cal Boating loan, I believe that the harbor is owned by all of the residents of California, not just San Francisco.

Les Hennessy - I'm the president of the Advocates for South Beach Harbor. I'm also a berth holder in the harbor for seven years. I have a powerboat, unlike some of the other people. I'd say about 25 percent of us are power boaters. The other 75 percent are sail boaters. By way of information, we have an address at 150 South Park. We are a 501(c)4. We have an email address that I'll pass on to

you. We work in tandem with the South Beach Yacht Club Pier 40 tenants, BAADS and junior sailing. I'd like to thank Peter Dailey, Mark Lozovoy, Elaine Forbes and Jim Walters for getting us going. They've done a yeoman's job with us. By way of communication, we've learned that there is an assumption of a $9 million Cal Boating loan. We have a copy of that. We've learned there's an assumption of about a $6 million bond that was converted to debt with the termination and a line of credit to principal interest. It was good we knew that. We now know the operational costs of the harbor thanks to your people. We see that there's some low-hanging fruit, for lack of a better term. The yearly wait list fee at $75 per year will probably garner $70,000. There are no longer any free rides. You used to just be able to pay $80 and call up every year and say, "Where am I on the list?" like I did for four-and-a-half years but now, there's no longer a free ride. That's $70,000 a year. Landing fees, we know of many non-paying charters that just drop, pick up, and don't pay a thing. They've got to pay their share. We'd like to look at the legality in naming the harbor something like Oracle South Beach Harbor. We're okay with whatever brings in more money. We'd like to look at solar energy on the roof of Pier 40. We appreciate the no-commuter parking during the season. We have appreciated the new safety issues that are about to be instituted. There will be a front-door handicap button on the front of the harbor house within the month for our 138 BAADS Sailors. We have agreed that there should be a mandatory operation of your boat. Once a year, you've got to get in your boat, start it up, take it out, bring it back in order to be in that harbor. It's a safety issue most importantly. The mud tax, the property tax of $359,000 that we pay every year seems to be going into the general fund. It slips through everybody's fingers. It probably should go back to the harbor. The Cal Boating parking mandated one-fourth parking spot per slip. We still don't have an answer on that. We've come up with compromises with Peter. Berthing rates rolled in over three years based on San Francisco Marina, we can probably swallow that. Parking, one pass included. Second pass $600. Daily passes $10. We need a CAC formed like you did with Piers 30-32. We need to be on the bargaining table, on the information table on a monthly basis with you. As everybody else has mentioned, we need to contact the other members of the harbor that we're just exasperated trying to get a hold of.

Paul Minoletti - Thank you, commissioners, for listening to us. I'd also like to thank Peter Dailey and our harbor master for meeting with us. I'm on the board of the Advocates for South Beach Harbor. I won't repeat everything that's been covered here but I would like you to take a hard look at Barry Hanson's financial analysis. He put a lot of work into it and he did a very good analysis. Because I happen to be an attorney, I was tasked with looking at the Cal Boating documents and the Cal Boating loans. There are some points that need to be taken into consideration. Cal Boating, for one, required at least one half of a parking space per slip, which would give us 350 parking places. That has never happened. It's never been in place. We're already short on parking. Another item is that the harbor has to be available to all on an equal and reasonable basis. That means reasonable terms as far as parking, as far as electricity, as far as berth rates themselves. The Cal Boating loan is a loan from the state. It's specifically targeted for recreational boaters of California. Again, it comes back

to an equal basis. Everyone has to be treated equally coming into there. I'm still missing some of the Cal Boating documents. We did a Freedom of Information Act request. I don't have all the documents yet so a bit more time would be helpful.

Brian Pease - I am a member of BAADS, the Bay Area Association of Disabled Sailors and also on the board of directors. I am the treasurer. I handle all of the business operations for our organization. We have a very good relationship with the board and the port. We appreciate our great relationship with the Port and its tenants and these relationships make our programs available. We serve about 160 members. We charge very minimal membership. Nobody is required to join. Our programs are very therapeutic. Our main concern is parking. We have people come from all over the Bay Area. Some cannot rely on public transit but we understand parking is very tight. We ask that you take our needs into consideration. We encourage all of our members to public transit whenever possible. I usually do not drive except during board meetings. I take transit so that I'm not taking up valuable parking. Parking in the area is very limited. If you have special needs, it can be very hard if you don't have access to parking. Thank you for your support. Thank you for allowing me to address the board.

Joe Boss - I have a boat at South Beach Harbor. I moved in a month and a half after it opened. I took my boat from Sausalito over here because I live here. I do hear that there is some concern that this is a harbor in San Francisco but Cal Boat and, for that matter, state land is owned by all the people of California. We shouldn't even consider that as an issue as far as residency. Early on when it was apparent that the port was going to inherit this, I talked to Jim Morales, who was the counsel for the redevelopment agency, in an attempt to get the current mailing list so that the tenants could be notified that things were happening. Jim was going to do that. Then, it became part of the city and therefore has different rules for getting information. I made a public records request. I tried to talk to Jim Walter into just sneaking me a list. That didn't work. It's so important because of the 500-plus tenants. Some people have fleets but commercially, the people just do not know what's going on. It's not going to fall back on anyone but the port. This does have to go to the Board of Supervisors eventually. It's more than $1 million. It's more than a year, etc. I really can't plead with you enough to come up with a way that we can communicate to the entire tenancy. I don't see how you're going to be able to make all the pieces come together between now and September. One of the issues that I'm pretty familiar with, which is energy, you currently get your power from PUC and by California's PUC, Energy Commission, you can't become a utility. If you're putting meters in, they have to be put in through the San Francisco PUC. Check with them. They haven't talked to the port at all. They were unaware of this going on. There are so many loose ends that you can't possibly get it by September. If you put that as a deadline, it's going to make it very difficult for the staff to dig down deep enough to come up with the solutions. I have two requests. First of all, we need to have access or be able to give you something to send out to each and every tenant, not in their bill. I never open my bill so that we can really reach out to those people and that we have enough time to tie up loose ends, whether it's parking, power, etc.

Susie Smith - We have a family boat at Pier 40. We have a Stinkpot, which is a powerboat. I'm here just to plead for more time. A lot of people are unaware of what's going on. We have some people who are residents of the city, some who are not. People are here reaching for solutions. We were on the list for 15 years. The thought that suddenly we're going to hammer people with $100 a year, it's reminiscent of me trying to get my kid into a school and having to pay an application fee at every school even though they're not even going to consider taking them. Hopefully we can be fair about it. Hopefully, the Pier 40 residents will have more time so that we'll have something that we can do collectively as a group. I want to reiterate that the parking system is not broken. There are some occasional abuses, as there are in any system. There's a redevelopment truck that's been parked there with yellow tape around it since that got shut down. That's a space we could use. If you could give us a little bit more time than beyond September so that we could come up with a viable solution for everybody.

Rick Galvert - I'm the vice commodore of the Bay Area Association of Disabled Sailors. I'd like to express our appreciation to both the port and the tenants and the yacht club for all the support that they've given us over the years. Without all that, we couldn't do what we do with our almost 30 participants each week that some need accommodation with parking. Some have placards. Some do not. We have volunteers and participants that come from Santa Rosa, Sacramento, Stockton and Santa Cruz and they need to drive to get here. We couldn't run our programs without them. My first concern is that we, as an organization, have to pony up $600 a year for six or more parking passes to be able to accommodate the folks that need to come here and help put on our programs for the disabled. That puts a big hole in our budget. Secondly, when the State passed its budget and dissolved the redevelopment agencies, I can guarantee you, having been an aid to a member of the Board of Supervisors who sat on the budget committee for three years that the intent of the State was not to blow a hole in the locality's budget. There must be something missing from this equation that, if tax income and financing was supposed to be coming to satisfy the prior obligations of what now is the successor-in-interest agency, then that $800,000 either is stuck at the State, in which case you need to get it from the State, or boating and waterways needs to forgive the debt. It's coming to the city, and the city is not giving it to you. We need to talk to the Mayor and the Board about that or it's coming here, and we're not getting credit for it. We need to talk to you about that. Thirdly, the assessment that was done was faulty. It did not take into account other South Bay marinas. My personal boat is in Oyster Point. I pay $105 a month for a 24-foot slip. I can't do the math right now because I have a Bachelor of Arts degree and not a math degree. We are very open to some solutions. I have a couple of ideas for you. One is for the boats that don't actually go out. Since the port is now in the small-craft harboring business, a tremendous revenue-generating point would be to be able to make it available to the folks that want to be part of South Beach Harbor but don't want to use the boat. Put it in a travel list somewhere. Use some underutilized port facility to pull the boats out and keep them on the hard and charge them to be on the hard instead of in the water. Second, at Oyster Point, there is an additional $360 a

month charge if you want to live aboard your boat. Living aboard is not currently allowed at South Beach. That might be a BCDC thing. We have lobbyists, and we have friends in Sacramento and friends on the commission that we might be able to talk to change that requirement. The last thing I'll suggest is a sliding scale. This is a publicly-owned facility. A sliding scale for berth fees would go a long way. We've got retired folks that are partnered up that can't afford these huge increases. We've got trust-owned 50-footers out there that can afford to have their slip fee doubled and never feel a thing. A lot more discussion needs to happen. I would certainly reiterate the time to make these conversations happen and talk to people that are in the marina and boatyard businesses to see where revenue opportunities exist to expand what the port is providing.

Rene Pate - I have been a partner in a sailboat and berthed at South Beach Harbor for seven years. Under Peter Dailey's proposed parking plan, my berth harbor partner will get a free parking pass that he will never use because he doesn't use the boat. I will have to pay $600 for a special parking permit unless my partner's pass is transferable. There are many partnerships in this marina, some consisting of three or even four families with children in a single boat who each take a weekend out of the month to enjoy the bay's water. The wellbeing of these diminished partners is not protected by the port's parking proposal unless the single permit can be transferred among the minor partners when they want to use the boat. South Beach Marina is an ad hoc community. There are about 670 berth holders. There are approximately somewhere between 400 and 600 minor partners in the boat. We're talking about a community of 1,000 people that aren't really represented by the advocates of South Beach Harbor, which is an organization that represents 150 people because proper notice hasn't been given to the community at large. What I'm asking is that somehow the 1,000 people affected by the decisions of the commissioners and the port be noticed of what is going on. I further pray that the commission will entertain an amended parking plan where all partners are treated as equal financial players and not as cash cows. The minor partners that are not represented in this proceeding, that somehow they get proper notice of what's going on and that the transference of the parking permit among the owners of the boat be addressed by Mr. Dailey. His email didn't clarify who exactly could use the single permit.

Gerry Feliciano - I have a slip at South Beach Harbor. I've been here for almost 30 years. I have a sailboat. When I became a tenant, I signed a lease. It included that I would get a slip, and I would get a parking. I've been paying for that ever since. Now, we're talking about taking the parking away, reducing my services, increasing my fees and putting electrical services. I think this is unfair. It could be considered illegal. If you're going to reduce my services, why are you increasing my fees? I also happen to be a homeowner; I rent part of my house. If I took away a garage from my tenant, he would call that reduction in service. I would have to reimburse him somehow for that reduction. In this case, I'm not getting that fair shake. I want to point out that all the tenants there currently on the renting slips have not been given the opportunity to discuss these issues with the Port Commission. That's unfair. We have to have more dialogs. We have to have more representation so that we can be treated fairly.

Bonnie Midill - I have to open my mouth to represent the lady sailors. We have one of the smaller boats. I'm a nurse. My husband is retired. We had the 26-foot Ericson for 40 years. It's a spectacular privilege to sail out here. We'd sure like to continue that. We go to the tenant advocates meetings. They speak for us and we appreciate their volunteer work.

Ted Cabral - I'm a resident of Sonoma County. I live in Penngrove. I'm new to the harbor. I was able to get a slip as of November. This is the third harbor that I've had a boat berthed in. I have to say that the staff, the communications that you're offering now and such is wonderful but there has been a disconnect as far as being able to notify all of the tenants at this point. Trying to push ahead with this seems like it might be a little bit of a problem all the way around. The main point I would like to make is with the loan from the California Boating Division. That money is excise tax money. It comes from gas tax and boater registrations. That's the funding source for them to get that money to disperse it out in loans and grants. There are restrictions of what can be done with that money and what can be done with the project after it's been developed. There's some legal ground that needs to be looked at because that could be problematic. The other thing is additional funding sources. There needs to be some work done at the harbor. Putting a couple things together is the one area that now like the boating department is under state parks. One of the reasons they did that is because state parks wanted to steal some money. Part of that deal is that they have grants available to be able to upgrade and improve the facility and increase public access and things along those lines. Perhaps some of the amount of money that's due now can be wrapped into a grant. That's another area that can be looked at as far as a funding source.

Cynthia Petroka - I am a slip renter at South Beach. I've been there for almost 20 years and endured the dust and construction of the ball park and paid my property tax that whole time. I have a 28-foot boat that is almost 36 years old. I have a partnership because, even though it's a small boat and I could maybe get $8,000 if I sold it, the management and upkeep is more than I can afford. The additional cost of $600 for a parking fee would be very difficult to spread across our partnership and almost unaffordable. It seems to me that there is an assumption that all boat owners are rich. This argument came up a lot. I attended a lot of the America's Cup early discussions. That was a fear that bringing the America's Cup to San Francisco, the unwealthy would not benefit and be squeezed out. That's how I feel right now at South Beach with my 30-foot slip being increased by 41 percent. If a residential rent increase of 41 percent was presented, there would be riots in the street. It seems very unreasonable. Some earlier comment about the low-hanging fruit - that hits a target that there's a lot of income about to be available to the city with the America's Cup. There are a lot of people that have big boats that could afford whatever rent increase because they want to be in the center of the America's Cup activity. An analogy would be, I'm a season holder at the ballpark in a bleacher seat. I pay my $20. Now, the World Series is coming to town. There are people that are willing to

pay $200 for the seat. I'm getting squeezed out. For a long-time slip renter, it seems very unreasonable. It smells of greed.

Lorraine Palmer - I have a non-profit called Sea Scavenger Conservancy. We operate out of South Beach Harbor. We're not a very big organization but we do a lot of work. We don't generate revenue. We provide a free service. We clean up plastics and ocean trash. Over the last few years, we've logged in over 2,600 volunteer hours and cleaned up more than 15 tons of trash along the shoreline from Candlestick Park to the Bay Bridge. I want to request that there is some consideration, a special meeting that addresses a conversation with the port that talks to just the non-profits and talks about what we provide and what we need to do to keep providing those services.

Peter Dailey - I apologize if outreach is perceived to be poor. We are trying to work on that. We have set up a new Web link on the port's Web site that is linked to the South Beach Harbor. Tonight's meeting was noticed in their newsletter that was sent out with their bill. We're going to do special outreach to all the tenants. We're going to have another town hall meeting in the next couple weeks. We will have our staff call everybody. We'll do everything we can to reach out to everybody, to make sure everybody feels inclusive of what we do. The port's Web site is a great location for all the Commission documents. All the Cal Boating loan documents are all accessible through our Web site. We'll put signs up down at the harbor. With regards to someone's comments that the port was dilly dallying on sending out lists of tenants, a request was sent in by email to the port, which was sent to the city attorney, who advised us that information is proprietary and against the law to send it out. We'll explore it further. We're reacting to a specific legal opinion from the city attorney. I'm not a lawyer but if there's a way to get around it, we'll try but I don't know how. Lastly, I do want to thank the Advocates for South Beach Harbor, Les, John and Paul and the rest of the group. We do have a good relationship with them. We will continue to meet with them on a regular basis. This is not easy. There are some difficult questions. There is some low-hanging fruit. Regarding the America's Cup, that's an opportunity not for chasing slip holders out. We're currently housing five or six of the chase boats for the races that will be happening next week. They'll be here for a number of weeks. The net to the South Beach Harbor is in excess of $30,000. I look at that as an opportunity for revenue going forward.

Commissioner Brandon - Do we have a list of all current slip holders and are we going to send out a mailer to all of them?

Peter Dailey - Yes, we do and we will send them mails and emails.

Commissioner Woo Ho - If you can collect email addresses, people who want to volunteer them, I think that's going to be the fastest way to communicate.

Commissioner Brandon - Has the date been set for the town hall meeting?

Peter Dailey - Not yet. I had sent an email to the advocates to work out a date. We'll come up with one by tomorrow. We're thinking possibly the week after Labor Day.

Commissioner Brandon - There were comments regarding San Francisco residents versus not. Can you address that?

Peter Dailey - That's a tricky one. We had discussions with Cal Boating. We did a quick back-of-the-envelope survey of every municipal berth, harbor in the bay. There's not one that has a two-tiered rate structure for residents versus non-residents. Clearly, in San Francisco, there are none. San Francisco Marina does not. Treasure Island does not. We have a feeling it might have something to do with the Cal Boating loan, which somebody stated has language in it that requires the harbors to be available on equal terms. We're researching the state lands aspect of it. Currently, it seems to be an impediment. We'll clearly look at it more carefully.

Monique Moyer – I would like to mention that we are sure we are not getting the tax increment, the possessory interest tax that people are paying. We are trying to work through with the city on where it is going.

Commissioner Katz - Do we have guest berths that we charge for?

Peter Dailey – Yes we do.

Commissioner Katz - Some people had some good points about temporary use of those that actually don't rent the slips there.

Peter Dailey - Good point, there is a guest dock that we want to monetize and make sure that people pay for the use, like in the standard operating procedure at most marinas. Right now the America's Cup boats are in there. They're paying top dollar to use it. We will be vigilant in trying to collect as much money as we can.

Commissioner Katz – As someone mentioned earlier, It might be worth exploring some renewable power options.

Peter Dailey - Yes. In one of the first meetings, the advocates talked about solar energy. It's on our list of things to do. We haven't broached it with PUC but clearly, alternative energy, wind energy is something that we're going to look at in terms of powering the marina. The harbor office, theoretically, we could put some units on the roof. We need to get the pros in there to look at it more carefully.

Commissioner Woo Ho - You mentioned some of the ratio requirements, etc. and the covenants that are in the bonds and the debt. Are we in technical default today or not?

Elaine Forbes - The coverage requirement is 1.3 times net revenues. You can see we're projecting an operating deficit. We're working with the redevelopment agency to understand the indenture and how net revenues are defined. The city has bought this investment. It is now principal interest investment. We'll also be working with the Office of Public Finance on the indenture because it has changed hands. In answer to your question, we're looking very carefully at it. At this point, the fee proposal that staggers the rates would not likely result in 1.3 times coverage in the current year if it starts in January because it's half a year. We're going to be working very carefully with redevelopment and the Office of Public Finance on the implications of that.

Commissioner Katz - In terms of eventually covering the indebtedness that we're trying to make up for, what happens once we hit that point?

Elaine Forbes - We will pay off the revenue bonds in four years, in December 1, 2016. We have an outstanding obligation for the BCDC permit, required capital work that we haven't sized carefully at this point. It's probably in the neighborhood of $10 million. We need to issue new debt to meet obligations in the BCDC permit that was let for the reconstruction work. There are three Cal Boating loans and they will go through until 2035-2036. Some of the speakers said we'll have a $1.9 million profit margin. That's not the case but we will be relieved of the revenue bonds in December 2016. We will quickly need to fund a new capital program and also set aside for repair and replacement capital needs of the harbor, which currently is not in their operating budget. They're showing a deficit. We have a program for those funds. Some of the speakers have spoken about wanting to ensure that the revenues remain in the harbor. We have set up a special fund. We're looking for the operation to be in the green paying its debt service and meeting coverage. We do not anticipate the funding structure to be either subsidized or move net revenue to other port operations. It's all retained in the harbor.

Commissioner Woo Ho - Could you clarify that the port operation in this South Beach marina is within the harbor fund and there is no access to the general fund of the city.

Elaine Forbes - That's correct; all of the debt, the revenue bonds and the Cal Boating loans, they're not general-obligation backed or general-tax backed. They're pointing to the harbor revenues in slip rentals and other revenues. In relationship to the revenue bonds, they were pledging tax increment, which Director Moyer spoke of. The agency collected possessory interest tax, revenue and paid down that debt for some time but haven't in the last several years because they found the berthing rate sufficient to pay back the debt. They were paying interest only. We are working closely with the city to try to assert that those possessory interest tax revenues should accrue to the harbor.

Commissioner Woo Ho - This has been a very helpful and productive session. Part of it is that we are trying to improve our communications and give all of the stakeholders a chance to talk to the commission. As Peter mentioned, we will

commit to have more communications and meetings. If it takes more than one meeting, that's what we will do. The Port Commission definitely supports the staff in that regard. We had hoped that, perhaps, that one meeting or another meeting would be able to resolve some of these questions. There is no magic about the September timeline. Please understand, since the rate increase was not proposed till January, that we do have time so that we will work with the timeline to meet everybody's interests. What I did hear today, which I think is encouraging, is hopefully that all of you understand we have a problem. We need to solve it. We need to figure out a way to solve it together. It is not about addressing the fact that we don't have an issue. We do have an issue, and we recognize that and we're trying to manage the issue with you. Change is always very difficult. We want to figure out how to manage that change as best we can to meet the requirements that we have in terms of what the port has to do. There are no extra funds today to support that deficit. So understand what the port is facing. It's not like we have another fund that we can go to. This deficit is real. We have to figure out how to solve it over a period of time. You all have mentioned many possible things that we can consider that I'm sure Peter and Monique and the staff at the port will consider if there are other solutions. That was the purpose of hearing from you today. We'll work with you as we've been through some of these things in other issues. We will not fail to satisfy everybody's concerns. We hope to get to a point where there's more common ground and understanding of what is happening and that we can move forward in a positive way with all of you. The commission definitely supports that. It's been very helpful to hear from all of you today. We thank you for coming and spending the time with us today.

11. ENGINEERING

A. Second Informational Update on the June 20, 2012 Pier 29 Fire Damage and Port response.

Wendy Proctor, the port's architect and the project manager for the Pier 29 fire reconstruction project - This is the second informational update on the June 20, 2012 Pier 29 fire. In response to the comment about commending everybody working on the project, I had plenty of time to start making a list of the at least 100 people who are putting in some form of effort on this project. It really takes a village. There are a lot of people who care about it. I just wanted to follow up with that. As reported on the July 10th update, we explained that we initiated two emergency contracts, one with Turner Construction and the second with Creegan + D'Angelo and their subconsultants to address the immediate need to stabilize the structure and further to design and construct barriers around the unsafe structure and to isolate it from the next phases of reconstruction and restore the electrical and other utilities.

Restoration of the utilities is on a critical path to eliminate the need for generators as well as to provide power to the Pier 27 cruise terminal as scheduled. During this initial period of stabilization, it has become apparent that we have to approach this project in multiple phases to accomplish the work.

Phase one is stabilization and utility restoration with the barriers. Phase two would be bulkhead reconstruction with immediate code upgrades that are related to the area of the work. Phase three will be code upgrades that are triggered by applicable codes that are yet to be determined. We're in the process of still working that out. They will not be in the area of immediate work. For phase one, all the work has been performed with approved building permits and statutory exemption under CEQA for emergency work.

Further permits will need to be secured for the remaining work. We're compiling a list of how that will be approached. As a contributor to the Embarcadero National Register Historic District, port staff along with our consultant Carey and Company have been and will continue to keep the San Francisco Historic Preservation Commission as well as the Northeast Waterfront Advisory Group briefed on the project's progress.

Phase one is coming to a close with the exception of the utility restoration, which is anticipated to be completed in early November of this year. To accommodate the America's Cup event authority 2013 schedule, port staff, port consultants and port contractors are responding to a request to meet a March 1, 2013 substantial completion of the reconstruction of the bulkhead through integrated project delivery.

To achieve the March 1 date, port staff will be working with the same contractor, Turner Construction, along with the addition of the San Francisco branch of the Architectural Resources Group and their construction conservation arm of the firm. This will provide some additional architectural preservation expertise to the team, along with the architectural engineering team consultants that we have on board. This will provide a seamless and expedited work schedule. Phase three will be completed when the event authority has vacated the property.

The work for replacing the building in kind including code upgrades are covered by the port's insurance carrier, AIG, Lexington Insurance. A check was delivered for the initial expenses for $2 million last week. The America's Cup event authority will have activities located in the alley between Piers 27 and 29 for the upcoming events as well as the 2013 events.

For the upcoming events, the America's Cup event authority has requested that scaffolding with a wrap be installed to conceal the damage during their event. This will be installed next week along with a plywood barrier along the Embarcadero and on the south wall facing the alley, which will keep crowds safe from the damaged area and the construction work. Future actions are moving rapidly with the integrated design approach. With analysis of triggered upgrades for a code as well as green energy upgrades.

Commissioner Katz - One of our earlier speakers said it best, thank you to all of you who are involved in getting this moving along so rapidly. It was a very unfortunate circumstance but a real tribute to everyone who has been involved. I

am particularly pleased that we have so much focus on the historic restoration as well.

Commissioner Woo Ho - The temporary cover, is it like a façade or is this actually covering it up?

Wendy Proctor - It is going to be like a breathable fabric and is going to have a graphic on it that's going to be of the historic building.

Commissioner Woo Ho - So it will look to the public like the building appears to be normal although it's really not.

Wendy Proctor - It's going to be a scaffold. It will have a fabric on it with the picture of the original building as an elevation. It'll be clear that it's a picture. We had a wonderful student intern who was able to produce some graphics off of our original drawings. It's going to wrap the building in that manner.

Commissioner Woo Ho – With regards to the insurance, is it going to cover the cost of the code upgrades that we would need to put in for this reconstruction?

Wendy Proctor - It's going to be a process of negotiation because we're evaluating the policy. We have a team of people such as port staff (Elaine Forbes, Tim Yoshida, myself, Mabal Bhat, Ed Byrne) and our consultants, who are working on what the applicable codes are, how to approach it and to work with the insurance company. It's going to be more solidified in the next update.

Commissioner Woo Ho - So that suggests to me that the $2 million check isn't the last check that we will receive from the insurance company. Do we know what the total cost of reconstruction will be?

Wendy Proctor – It won't be the last check we will get from the insurance company. We don't have any estimates of the total cost of reconstruction at this time but will do so in the upcoming weeks.

12. REAL ESTATE

A. Informational presentation regarding Lease No. L-15169 with Autodesk, Inc. a Delaware Corporation, for approximately 8,391 square feet of office space and unimproved shed space with a term of 66 months, located at Pier 9 at the foot of Broadway and The Embarcadero.

This is an informational item. AutoDesk is a flagship software CAD. Their software is used in the architecture, engineering, construction, manufacturing, media, and entertainment. The last 16 Academy Award winning films used CAD or AutoDesk software. AutoDesk recently acquired a Web-based company called Instructables. Instructables is a company that specializes in user-created, uploaded, do-it-yourself projects. It's social media meets the makers movement. They have a space need to accommodate and they've approached the port.

We toured many locations and decided that Pier 9 would be the best alternative. The proposed lease is for about 3,000 square feet of office and about 5,000 square feet of unimproved shed space. The unimproved shed space is currently being used for parking and some other minor uses. The office has been vacant since 2010. The negotiations have led to rent prior to any deductions of about $13,000 per month. Rates are in line with the Port Commission approved parameters.

The monthly rent would be increased by 3 percent on the first anniversary date. AutoDesk is willing to make a very significant investment into port property. In consideration of this investment, we are proposing to include in the lease 180-day rent abatement period. No rent would be paid. That would be for the construction of core and shell and tenant improvements. The real key to this lease is they're going to take the 5,000 square foot shed space, and they're going to improve it. They're going to enclose it. That's how we have incrementally built Pier 9, which is our highest-producing pier. We've done it incrementally. In addition, they will receive an amortized rent credit for core and shell only. The total credit provided in the lease represents about 20% of the total construction budget. The rest is investment by AutoDesk.

AutoDesk requested an early-termination right at 36 months. If their business line of Instructables does not work out, they would like to escape the lease. We would obviously like to have them continue. However, having the alternative of taking all the improvements and stopping any amortization is a very good option for us so we've agreed to that. These improvements will add value to the property. The build out of the 5,800 square feet will be on the second floor. Not only are we going to get 5,800 square feet, but we're probably going to get another 2,500, which rents for $2.50 or $2.25 a square foot.

I will be back at the September 11, 2012 meeting for Commission's approval of the lease. It requires Commission's approval because the rent abatement period and the term is not consistent with the Port Commission approved parameters.

B. Request authorization to issue Request for Proposals for a Restaurant Opportunity Site located at 295 Terry A. Francois Boulevard, near Pier 48. (Resolution No. 12-63)

I am asking for your approval to issue an RFP for the property located at 295 Terry Francois Boulevard. This site was formerly run as a restaurant, Jelly's, a Dance Café. That lease was terminated in November 2011. The site is a free-standing building, about 3,000 square feet of interior space and 8,500 of exterior.

The goals of the RFP are: (1) to provide high-quality casual dining restaurant; (2) to encourage local business participation; (3) to provide renovation of the physical building; and (4) maximize revenues to the port.

Following the selection process of the RFP, staff will come back to the Commission and seek approval of the most qualified respondent to the RFP. Thereafter, staff will engage in a 60-day exclusive right to negotiate. Hopefully, that will conclude in a lease. Staff will be back to the Commission for lease approval. This will probably require Board of Supervisors' approval given the term and the amount of investment to the property.

We anticipate that the renovation would be, at minimum, $1 million. We're proposing that the initial term could be up to 15 years and then request options to extend the lease for them to amortize that type of investment.

ACTION: Commissioner Brandon moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. Resolution No. 12-63 was adopted

13. NEW BUSINESS

14. PUBLIC COMMENT

15. ADJOURNMENT

ACTION: Commissioner Katz moved approval to adjourn the meeting in memory of Cathy Baccari; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

Port Commission President Woo Ho adjourned the meeting at 6:15 p.m.

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